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'82 SAVINGS AND LOAN SOURCEBOOK

FORMERLY SAVINGS AND LOAN FACT BOOK

UNITED STATES LEAGUE OF SAVINGS ASSOCIATIONS
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United States League of Savings Associations

The primary function of the United States League is to serve the savings and loan business and the public interest by furthering thrift and homeownership. Organized 90 years ago, the League is regarded as one of the finest trade associations in the country. This reputation stems from a broadly based program having the following objectives: the support of thrift promotion; the encouragement of private investment in the purchase of homes; the development of safe, efficient operating methods for member institutions; and the improvement of statutes and regulations affecting the savings and loan business and the public interest.

The United States League currently has more than 4,000 members. Located in every state, the District of Columbia, Puerto Rico, the Virgin Islands and Guam, these members represent approximately 99% of total savings and loan assets. The League is the recognized organization through which members — large and small, across the nation — exchange experience and knowledge, thus elevating the standards and services of individual institutions and the business as a whole.

Closely affiliated with the League are several organizations whose specialized services are important to member institutions and the entire savings and loan business:

The Institute of Financial Education is the educational and professional arm of the business. It sponsors 260 chapters having a total membership of 74,000 savings association employees. It also offers correspondence courses to employees and current enrollments stand at approximately 9,000. Resident schools and workshops are conducted at major universities. The Institute has a wide array of audiovisual training programs and seminar offerings. It also provides assistance to association management in the areas of human resource development and strategic planning.

The International Division of The Institute offers a range of consulting services in housing, residential finance and institutional development to financial institutions and housing groups in Latin America, Africa, the Far East and the Middle East.

SAF Systems and Forms is a specialized source of internal operations information, forms, franchise funds transfer systems and other services designed exclusively for savings and loan associations and co-operative banks. Income from the operations of SAF goes to further the educational service of The Institute and to finance research in savings and loan operations.

The Advertising Division, Inc., is a self-sustaining affiliate which develops advertising and promotional materials for use by member associations, including newspaper ads; radio spots; counter literature; lobby displays; an annual calendar; *HOME LIFE,* a customer-contact publication; and premiums. Its wholly owned subsidiary, Advertising Southeast, Inc., provides full agency service.

The Financial Managers Society has 4,500 financial and operations executives as members. It has 62 chapters which sponsor programs on portfolio and cash management, automation, asset and liability management, auditing, stock conversions, mergers, accounting and taxes. This information is also available to FMS members via workshops, conferences and publications.

The Savings Institutions Marketing Society of America is a professional society for marketing executives in the thrift business. SIMSA offers a full schedule of educational programs and conferences and publishes a range of periodicals and special marketing reports for its 1,700 members.

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PREFACE '82

This is the second edition of the *Savings and Loan Sourcebook*, an annual publication of the United States League of Savings Associations. The *Sourcebook* continues the major data series that appeared annually in its predecessor, the U.S. League's *Savings and Loan Fact Book*.

In the 1982 *Sourcebook* these data are grouped by subject area: savings, mortgage lending, housing, savings and loan operations, and federal government agencies. A short text explains the basics of the savings and loan business and the role it plays in thrift and homeownership. Finally, a glossary of key terms and a comprehensive index assist *Sourcebook* users in locating the information they are seeking.

The *Sourcebook* is distributed to U.S. League member institutions, educators, school and public libraries, financial writers and editors, members of Congress and other government officials, mutual savings banks, life insurance companies, chambers of commerce and home builders. Copies may be obtained from the United States League of Savings Associations, 111 East Wacker Drive, Chicago, Illinois 60601.

The League is indebted to the many organizations and agencies that cooperated in providing data for the 1982 *Sourcebook*. No effort has been spared to ascertain that all data used were the most accurate available at the time of publication.

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The Savings and Loan Business

Savings and loan associations serve as a link between people who have funds to save or invest and those who want to borrow. An association accepts savings deposits from the public, then uses these funds to make various types of loans. Most of its investments are in residential real estate mortgages, and particularly in loans on owner-occupied single-family homes. The major portion of the interest collected from borrowers is in turn paid to savers as a return on their deposits.

Associations are specialized but extremely important members of a class of institutions known as financial intermediaries. This classification includes such diverse organizations as commercial banks, life insurance companies, credit unions, mutual savings banks, and finance and investment companies. As a group, they offer investors and savers a wide variety of financial options and make funds available to borrowers for a broad range of purposes.

Savings and loan associations are private institutions, and the development of policy for the conduct of business at the individual association is the responsibility of a board of directors made up of local citizens. Like many financial intermediaries, however, associations work within a comprehensive framework of special state and federal laws and regulations.

The laws set general standards for the chartering of new associations, govern operating practices and control the kinds of loans and other investments that can be made, while supervisory agencies establish more detailed regulations governing operating procedures.

Chartering and Supervision

Like the commercial banking system, the savings and loan business has a dual system of chartering and supervision. State associations are chartered under state statutes, and are supervised and examined by their respective banking or savings and loan departments. Federal associations are chartered under the provisions of the Home Owners' Loan Act of 1933, as amended, and are subject to the supervision of the Federal Home Loan Bank Board. Savings and loan offices are found in every state of the Union, the District of Columbia, Puerto Rico and Guam.

Insurance of Accounts

Federal associations are required by law to have their savings accounts insured by the Federal Savings and Loan Insurance Corporation. Insurance of accounts is optional for many state-chartered institutions, but the overwhelming majority afford their savers this protection. FSLIC member institutions pay a regular insurance premium for this deposit protection and must comply with a large body of regulations governing all facets of their operations. They also must maintain membership in the Federal Home Loan Bank System.

In addition to the FSLIC, insuring organizations have been set up under special statutes in six states: Massachusetts, Ohio, Maryland, North Carolina, Pennsylvania and Georgia. These six state funds were authorized by their respective state legislatures, have duties and powers set forth by state law, and answer to public officials and supervisory authorities.

Ownership

Savings and loan associations are either mutually owned or have some form of permanent stock ownership. Mutual associations issue no capital stock. They are owned by their members—the savers and borrowers—who are entitled to vote on association affairs.

Stock associations, in contrast, issue capital stock which is similar to that of other corporations. It can be bought and sold by investors, confers voting rights and may earn dividends.

Until recently, only state-chartered associations were allowed to operate under the stock form of organization. In the last few years, however, the FHLBB has authorized a number of conversions of federal associations to stock form.

Number of Associations

Although many new state and federal charters are issued every year, the total number of associations declined by about 20% over the last 10 years. This represents a trend toward the consolidation of smaller institutions into more economically efficient operating units. While the number of associations declined, however, the total number of offices serving the public more than doubled over the same period.

Savings Deposits

The savings deposits of individuals and families are the major source of funds for savings associations. For the business as a whole they represent about 80% of total liabilities.

Until the mid-1960s the passbook account was the major savings instrument issued by associations. Any amount may be added to or withdrawn from a passbook account at any time. This account flexibility meant that associations were in the difficult position of borrowing short and lending long —using savings dollars that might be withdrawn at any time to finance 20- to 30-year mortgage loans.

Rate Regulation and Disintermediation

In 1966, Congress enacted legislation giving the Federal Home Loan Bank Board explicit power to set the maximum rate that may be paid on different types of savings accounts. Until that time association rates had been unregulated, although commercial bank rates had been controlled since 1933.

The new law and regulations had the effect of preventing rate wars that could have put some institutions into an unsound financial position. Unfortunately, the regulations also raised the specter of disintermediation—people withdrawing their funds from financial intermediaries to make direct market investments (such as corporate bonds and government securities) whenever general interest rates rose above savings account ceilings.

To help stem such periodic outflows, the regulators authorized a variety of certificate accounts, on which the institution could pay a higher rate for a specified minimum amount of funds that remained on deposit for a specified term.

At first, the rate ceilings for associations were set ½ of 1% higher than for banks. This reflected the historical picture—an association typically paid savers more than a bank did.

The rate differential also helped to assure a steady supply of funds for housing. That is, it let associations compete effectively with banks for savings dollars, since banks were able to offer the consumer a much broader range of financial services.

In mid-1973 the differential was reduced to ¼ of 1%, partly as a result of the gradual regulatory implementation of significant new asset and liability powers that had been granted to associations by the 1968 Housing Act. At the same time, all ceilings and most other restrictions were removed from deposits of $100,000 or more (jumbo CDs).

In the Depository Institutions Deregulation and Monetary Control Act of 1980, Congress extended rate ceiling authority and the ¼ of 1% differential on existing types of accounts for six years in combination with a plan to phase out rate controls entirely over that period.

Certificate Deposits

The authority to issue longer term savings certificates helped to stabilize financial institutions' deposit base. By the end of 1973, association savers for the first time held more than half of their funds in certificate accounts.

As inflation intensified throughout the 1970s, it became increasingly difficult for savings associations and other institutions to attract and hold the savings of the nation's households, despite the growing popularity of certificates. The increased volatility of savings flows into and out of associations has contributed much to the boom-or-bust nature of the housing industry.

In May 1978 the federal regulators took a new approach in response to market pressures that once more were slowing savings gains. They authorized the six-month money market certificate, a short-term savings instrument requiring a minimum deposit of $10,000.

The MMC is a fixed-rate certificate, but the maximum allowable rate on new certificates is subject to change each week. The ceiling initially was based on the average yield on six-month Treasury bills in the most recent weekly auction. In 1981 an alternative ceiling was created, tied to the average of the four most recent auction rates. At any time the higher of the two alternatives prevails.

The account proved extremely popular. Beginning with the first offerings in mid-1978, savers quickly moved their funds into MMCs, and the account structure of associations began a rapid change. By year-end 1981, more than one-third of all savings dollars were in these short-term, rate-sensitive certificates.

So-called small savers—those who want to invest less than the $10,000 MMC minimum—began clamoring for a market-rate certificate within their reach. A four-year version was authorized beginning July 1, 1979, but it did not prove very successful. On January 1, 1980, it was replaced by a similar instrument with a 30-month maturity and no minimum balance, which attracted nearly $50 billion in its first year.

Further Certificate Changes

The year 1981 brought additional savings account changes as deregulation and competition from money market funds continued. Variable rate certificates were authorized, on which the rate of return to the saver is adjusted according to a schedule, an index or a formula.

To encourage saving at depository institutions, Congress created the All Savers certificate, a one-year tax-exempt account. New deposits may be accepted between October 1, 1981, and December 31, 1982. The certificate carries a fixed interest rate equal to 70% of the average investment yield for the most recent auction of 52-week Treasury bills at the time the account is opened. Interest income is tax exempt up to $1,000 ($2,000 on a joint federal tax return). Associations issuing ASCs are required to invest the funds in "qualified residential financing."

Also in 1981, rate ceilings were eliminated on new IRA and Keogh accounts with terms of at least 18 months. Savers may add to these accounts without causing the term of the deposit to be extended.

Individual retirement accounts and Keogh accounts are, in effect, trust accounts for retirement funds. Savers place a portion of their annual income in these accounts until they retire. The dollars deposited are excluded from taxable income for federal tax purposes, and tax on the interest earned is deferred until withdrawals are begun, presumably when the saver has retired and therefore is in a lower tax bracket.

Other Types of Accounts

Associations continue to offer a variety of other accounts, although each represents only a small percentage of total savings.

NOW (negotiable order of withdrawal) accounts allow check-like drafts to be drawn against the funds on deposit in the account, which earn interest in the meantime. These interest-bearing checking accounts have been available in New England and New York for several years, but were not authorized nationwide until December 31, 1980.

The 90-day notice account has no minimum balance or term and no restrictions on the frequency or size of additions, but the saver must give 90 days' notice of withdrawal in order to earn ½ of 1% more than the passbook rate.

Eurodollar certificates allow associations to attract overseas dollars whenever domestic interest rates are higher than those in the international market. So far, however, the importance of Eurodollar certificates has been negligible.

The Savings Mix

By the end of last year, nearly two-thirds of all savings held by associations were in rate-sensitive deposits such as MMCs, 30-month certificates and jumbo CDs. An association must pay the highest possible return on such deposits, or they will move to other forms of investment that offer a better yield.

Furthermore, over two-thirds of the deposits held by associations as of September 30, 1981, had short terms (MMCs, notice accounts and many jumbo CDs) or no term (passbooks and NOW accounts). These funds tend to be volatile; they are more susceptible to withdrawals than are longer term certificate funds.

The net impact of these changes in account structure has been a tremendous increase in the cost of funds to savings associations and a severe squeeze on earnings since 1979, as interest rates rose to record highs and remained at high levels for record periods.

Homeownership and Home Financing

Widespread homeownership is one of the distinctive characteristics of American society. More than 50 million homes—nearly two-thirds of all residential units in the United States—are owner-occupied.

Building, buying and maintaining the nation's nearly 80 million owned and rented housing units accounts for hundreds of billions of dollars annually. Housing is a major force in the economy, no matter what measure is used. Private residential construction in recent years has accounted for 2.9% to 4.3% of GNP. Residential mortgage loans are the major form of credit in the United States, exceeding even the federal debt at year-end 1981.

Savings associations are the major source of residential credit. At year-end 1981 the mortgage portfolios of associations accounted for over 40% of all residential loans outstanding. In the private sector (excluding U.S. government and federal agency holdings), associations held over 50% of the total.

The savings association business presently holds nearly 80% of its total assets in mortgage loans. No other type of intermediary comes close to allocating this large a proportion of its total resources to the financing of real estate.

Since providing adequate housing has long been one of America's top economic and social priorities, associations occupy a central position in the nation's economy.

Types of Loans

Savings associations offer a broad range of mortgage options to help their customers meet their home financing needs. Mortgages may be conventional—i.e., not insured or guaranteed by a government agency—or made under a variety of government-sponsored programs. Private mortgage insurance also may be used on conventional loans to reduce risk.

Although many associations continue to offer the traditional fixed-rate, fixed-term mortgage loan, most are also moving strongly into the area of alternative mortgage instruments, including graduated payment, balloon and adjustable mortgage loans (AMLs). A common feature of these newer types of loans is a provision for periodic interest rate adjustments.

This assures people who borrow when market rates are high that the rate they must pay initially will decline if the market does. It also means that people who borrow when rates are down pay the lowest possible rate; the lender does not have to build in a higher rate as a hedge against possible future increases in the market. Many regulatory safeguards protect the borrower's interests.

AMLs are a recent development in the mortgage market, and comprehensive data on their use are not yet available. Furthermore, the mortgage market has been too slow to offer much indication of consumer acceptance of these newer financing alternatives.

Besides mortgage loans, almost all associations also make a variety of consumer loans. Traditionally, the bulk of these loans were closely related to housing, such as mobile home and home improvement loans. Under the sweeping financial reform legislation of 1980, associations now are allowed to finance other common consumer needs, such as automobiles and credit card purchases. As yet, however, these nonmortgage loans account overall for less than 3% of total association assets.

Sources of Funds

The funds that associations place in new loans originate from two major sources: net gains in savings and inflows from the existing mortgage portfolio. Other ways in which associations can obtain loanable funds include adjustments in their liquidity holdings and borrowings. Advances (loans) from Federal Home Loan Banks are the major type of borrowed funds, although associations also may borrow from other sources, including the wholesale financial market.

Although mortgages generally are written with maturities of 25 or more years, the turnover of the loan portfolio provides a stream of loanable funds that, unlike volatile savings flows, are relatively predictable. These funds come into associations as (1) scheduled payments on amortized principal, (2) prepayments, (3) loan payoffs because of the sale of the mortgaged properties and (4) proceeds from secondary mortgage market sales from the existing portfolio.

Secondary Market

The secondary mortgage market is the aggregate buying, selling and trading of existing mortgage loans and mortgage securities. Investors may buy whole loans, participations (ownership shares in a group of loans) or a variety of mortgage-backed securities.

Mortgage holders may set up pools by packaging FHA, VA or conventional mortgages, and issuing securities that represent shares in the package. The creator of the pool continues to collect payments from the borrowers. Payments to the investors may be passed on monthly as received, paid monthly whether or not received, or interest may be paid semiannually and principal at designated intervals. The various arrangements appeal to different types of investors. Also, the securities may be guaranteed by the Government National Mortgage Association or partially insured by a private mortgage insurance company.

Institutional lenders such as savings associations buy loans and securities in the secondary market when they have available funds that they cannot invest in new mortgages locally or when they wish to diversify their portfolios. Investors that do not have mortgage origination or servicing facilities also use the secondary market to acquire loans.

Correspondingly, lenders that wish to free funds from their existing portfolios sell loans, participations or securities. In times of high interest rates, sellers generally prefer to issue securities. This permits them to use old, low-rate loans to raise new funds without having to sell them at a discount.

Federal agency lenders operate primarily in the secondary market; they generally are net purchasers. In the private sector, mortgage companies dominate the selling side, while associations normally are the largest buyers of loans. In a typical year, associations' purchases account for 10% to 15% of their total loan acquisitions.

Recently, associations also have become more interested in originating mortgage loans for subsequent sale to investors such as pension funds and insurance companies. The unstable savings flows of the last few years have forced many institutions to look for other sources of loanable funds. As a result, the mortgage market has become much more closely integrated with the general capital markets. This process undoubtedly will continue in coming years.

Balance Sheet

The principal liability of associations is savings deposits, the funds entrusted to them by savers and thus owed to those savers. The next most important liability item in the combined balance sheet is FHLB advances. Another important item is net worth—earnings retained over the years to protect against loss.

On the asset side of the balance sheet, the major item is mortgage loans, representing the money owed to associations by builders and buyers on loans secured by real estate. This balance sheet structure points up the basic function of savings associations as financial intermediaries serving savers and home buyers.

Liquidity

Cash and the government security and investment portfolio of associations represents the second largest asset classification. All prudent depository institutions hold some liquid investments to ensure that funds are available to meet any sudden increase in savings account withdrawals. For associations, the FHLBB specifies two minimum levels of such assets—overall holdings plus a smaller percentage of short-term investments. While associations legally may purchase many kinds of securities, the bulk of the portfolio is in assets that meet FHLBB standards for liquid investments.

The Bank Board is empowered by law to vary the overall liquidity ratio between 4% and 10%. The base against which mandated liquidity ratios are computed is composed of withdrawable savings deposits and borrowings repayable on demand or in one year or less. These numbers are the denominator in the computation. Qualifying investments are the numerator.

Asset and Liability Reserves

The savings and loan business uses the term "reserves" to refer to both asset and liability items. On the liability side of the balance sheet, general reserves and federal insurance reserves are components of net worth, which also includes paid-in surplus and undivided profits. Subordinated debt securities and mutual capital certificates (for a mutual association) which meet strict regulatory requirements may also be counted as net worth, even though these are debt rather than equity. This parallels a similar provision for commercial banks. Permanent stock (for a stock institution) also will appear in the net worth section of the balance sheet for many associations.

Allocations to net worth are made from net income after taxes. Net worth serves to protect savers against any loss that might be incurred on loans or other investments.

Liability reserves and net worth requirements are set by the FHLBB for all FSLIC-insured associations. Presently, the association must make year-end additions to net worth to maintain a level equal to 3% of all other liabilities except net worth, plus certain other minor items, as of the beginning of the year.

In addition, year-end net worth excluding certain items must equal 3% of insured account balances at the start of the year. New institutions have 20 years (up to 30 years in some cases) to reach the required level.

The net worth requirement may be reduced somewhat for associations that hold higher amounts of short-term liquidity, flexible rate mortgages and long-term, fixed-rate debt; and for institutions that sell old, low-rate mortgages under specified conditions.

All net worth and liability reserve requirements for associations were significantly modified in 1980. In general, the rationale was to make the regulations more meaningful in light of the changes which have occurred in the savings and loan business in recent years.

At the end of 1981 the ratio of association net worth to all other liabilities as of the start of the year stood at 4.8%. This is more than half again as much as the FHLBB deems necessary for safe and sound operations, and indicates the solid base upon which the savings and loan business is built.

On the asset side, reserves are funds set aside against certain types of deposits. These reserves must be in the form of nonearning deposits at a Federal Reserve Bank and cash on hand at the institution.

The required level of asset reserves is based on the total of transaction accounts (NOW, checking and other third-party payment accounts) and nonpersonal time deposits (savings accounts not owned by natural persons). Certain other sources of funds also may be included.

Asset reserves have been required for Federal Reserve member commercial banks for many years; the 1980 deregulation act authorized the Fed to set asset reserve requirements for all depository institutions.

Operations Framework

The savings and loan business operates within a comprehensive framework of state and federal laws and regulations. These rules set the requirements for the chartering of new institutions, govern operational practices, and describe the kinds of instruments that may be used to borrow money and the permissible loans and other investments for those funds.

For many years, regulations grew almost constantly in number and complexity as the authorities spelled out the limits of permitted activity and required safeguards in each new sphere of operations that associations were authorized to enter.

Now, however, the trend is toward fewer and less explicit regulations. This allows individual institutions far more operating discretion in tailoring their services to the needs of their marketplace and the particular competitive situation they face.

Savings flows and mortgage lending volume are affected by legal and regulatory constraints, and by the economic environment. The radical shifts in monetary conditions during the last 15 years have had far-reaching effects on the operations of associations. Both the balance sheet and the income statement of all associations reflect the pervasive forces of change.

Many factors must be reconciled in order to produce a sound savings and loan institution. Decisions on such matters as products offered, liquidity, the use of borrowed funds, income and expense, and personnel must all be made in a manner that will maximize the consumer financial services offered to the community. The overriding consideration at all times, of course, is the soundness of the association.

Income and Expense

Mortgage interest income is by far the major source of savings association earnings, while the largest use of income is the payment of interest to savings account holders.

Interest on mortgage loans represented about three-fourths of the operating income of associations in 1981. Loan fees and discounts accounted for another 2%, bringing income from mortgage lending activity to nearly 78% of the total.

Because of the high level of interest rates and the large share of total savings in market rate accounts, savers received about 85% of the total operating income earned by all associations.

Trailing far behind the funds allocated to savers were the operating expenses of associations and the interest on borrowed funds. The ratio of operating expense to operating income has undergone a substantial decline over the years, due to increases in operating efficiency. Salaries and wages are the principal operating cost of associations, accounting for nearly half of current operating expenses in 1981.

The net income of savings and loan associations is the balance remaining after deducting from current income all operating expenses, interest on savings deposits and borrowed money, income taxes, and the difference between nonoperating income and nonoperating expenses.

Income Taxes

Associations were first made subject to federal corporate income tax in 1951. In general, they are taxed like other corporations; the major difference is that associations may use a special formula to make tax-free additions to reserves of otherwise taxable income. Like other corporations, associations are subject to a minimum tax on preference items of income, including accelerated depreciation on real property, capital gains and any additions to loss reserves that exceed actual bad debt experience.

In order to claim special tax status as a "domestic building and loan association," an institution must pass three tests.

One is a supervisory test, which requires that the institution be supervised by a state or federal agency.

The second is a business operations test, which requires that at least 75% of the deposits of an association be held by the general public and that at least 75% of gross income be derived primarily from mortgage loans.

Third is an assets test, which requires that 60% of an association's assets be held in cash, residential mortgages and certain other specified investments.

Though the impression persists that associations can use special loopholes in the tax laws to achieve a very low effective tax rate, the fact is that they are among the most heavily taxed financial corporations in America.

Their effective tax rate in recent years has been substantially higher than that of commercial banks, because associations have only one major special tax deduction—additions to loss reserves. In contrast, banks can take advantage of a variety of tax shelters, not all of which are subject to the preference tax.

In 1981 the aggregate operating statement of all associations showed a negative figure of $1.6 billion in taxes. This represents the effect on taxes of the net loss from operations that many institutions experienced. All business is allowed to use current losses to offset past or future tax liabilities.

Net Income

Over the last two years associations saw a steep decline in net income. This resulted from the interaction of high and volatile interest rates with their savings deposit and mortgage portfolio structure.

When interest rates are high, market-rate savings accounts attract large volumes of funds. The association's cost of savings rises very quickly. These high rates must be paid or savings will flow to other institutions and other types of investments. At the same time the interest rate on FHLB advances and other borrowed money also soars.

Most of the association mortgage portfolio, on the other hand, still is tied up in long-term, fixed-rate mortgages that turn over very slowly. High interest rates slow portfolio turnover further, as people defer home construction and purchases until rates decline. Also, those who do buy homes in such a period often want to assume the existing, lower rate mortgage on the property. The rate of return on the portfolio increases only slowly under such conditions.

The recent authorization of a variety of alternative mortgage instruments for associations will help to avert such an earnings crunch in the future. As more of the existing portfolio turns over into these newer types of loans, periods of high interest rates will have much less of an adverse impact on association earnings than they did in 1981.

Furthermore, because of lowered earnings in the last three years, associations have not been in a good position to move aggressively into the new areas authorized by a variety of legislation and regulations.

Whether the institution wants to establish a consumer lending operation, set up a trust services department, begin issuing credit cards or move into some other newly authorized area, initial costs can be significant, and it can be some time before the operation begins to return a profit. In the operating climate of 1980 and 1981, many associations simply have been unable to bear the additional costs of entering these new and potentially profitable areas.

The basic structure and financial position of the savings and loan business is sound. Recent expansions of association powers have improved future earnings prospects and will increase the capacity of the business to avert future earnings crunches of the present magnitude.

There is no doubt that millions of savers will have funds to invest and millions of borrowers will want to finance homeownership and other basic family needs. Associations have grown to a $664 billion business by specializing for 150 years in meeting these needs. Their new powers can only help them to do an even better job for the American public.

The FHLB System

The Federal Home Loan Bank System was created in 1932 to provide a central credit facility for the nation's home financing institutions. The System links mortgage lending institutions to the capital markets by issuing consolidated obligations and discount notes in large denominations. The System also serves as a source of secondary liquidity to its members in meeting heavy or unusual withdrawal demands.

All federally insured savings and loan associations are required by law to belong to the FHLB System. Membership is open on a voluntary basis to qualified state-chartered savings associations, mutual savings banks and life insurance companies.

The FHLB System is organized in a manner similar to the Federal Reserve System. It is composed of the Federal Home Loan Bank Board, the 12 regional Banks and the member institutions.

The FHLB Board

The Board has three members, appointed for four-year terms by the President with the consent of the Senate. No more than two members may belong to any one political party.

The Board, located in Washington, D.C., governs and regulates the Bank System. It is the chartering and regulatory authority for federal savings and loan associations. It also governs the Federal Savings and Loan Insurance Corporation and the Federal Home Loan Mortgage Corporation.

The Board is an independent agency in the executive branch of the government and submits an annual report to Congress. Its expenses are all met through assessments on the regional Banks and the FSLIC, and examination fees. None of the Board's expenses are paid out of public funds.

The District FHLBs

The district Banks carry out the functions of the System in its dealings with member institutions. Although they are instrumentalities of the federal government, they are wholly owned by their member institutions.

Each Bank has its own staff and board of directors. Each board is composed of six public interest directors appointed by the FHLBB for four-year terms, plus an additional number of directors elected for two-year terms by member institutions.

The regional Federal Home Loan Banks serve as central credit banks for member institutions and have no direct contact with the public except through the sale of consolidated obligations. Member institutions transact their business through the Bank of their own district.

The major sources of funds for the Banks are their capital stock and retained earnings, the proceeds from the sale of consolidated obligations and discount notes, and the deposits of member institutions. The funds from these sources are held as cash, invested in Treasury obligations or loaned to members.

The regional Banks are not autonomous. Besides governing them and setting System-wide policies, the FHLBB reviews their annual budgets and must approve appointments of top personnel.

The Banks provide many services to members besides deposit facilities and advances. Among these services are the safekeeping, purchase and sale of securities; and the operation of statistical and research programs that trace relevant economic conditions in the particular Bank district.

The capital stock of the district Banks is all owned by their member institutions. Members are required to own stock equal to 1% of their total loan portfolio. Also, borrowing members must hold stock at least equal to 1/12 of their total advances from their regional Bank.

FHLB Advances

Advances to member institutions represent the major function of the Banks as reservoirs of credit. Advances are subject to a wide range of terms and conditions which are controlled by statute, the policies of the Federal Home Loan Bank Board and the lending policies of the regional Banks.

FHLB Consolidated Obligations

The Federal Home Loan Bank System's consolidated obligations are used to tap the capital markets for funds to lend to member institutions. They are purchased by a broad segment of financial institutions, corporations and other investors.

In addition, the secretary of the Treasury is empowered to purchase up to $4 billion of FHLBB obligations whenever the ability of the system to aid thrift and home financing institutions is substantially impaired by monetary stringency or rapidly rising interest rates.

Federal Home Loan Bank System borrowing closely reflects the demand for advances from member associations.

FHLMC

The Federal Home Loan Mortgage Corporation was created in 1970 to promote the flow of capital into the housing market by establishing an active secondary market in mortgages. The corporation is under the direction of the Federal Home Loan Bank Board, and may by law deal only with government-supervised lenders—in essence, depository institutions—and with mortgage bankers that meet FHLBB-specified criteria.

In periods of tight credit or regional imbalances in the mortgage money supply, FHLMC provides additional funds to lenders by purchasing existing mortgages from their portfolios. The corporation's programs cover conventional mortgage loans of various types, participations in conventional loans, and FHA and VA loans, on both an over-the-counter and a forward commitment basis.

FHLMC obtains funds to finance its purchases mainly from the sale of bond-type and pass-through mortgage certificates which it guarantees.

FSLIC

The Federal Savings and Loan Insurance Corporation is an instrumentality of the federal government, created by Congress to insure savings accounts at savings and loan associations. The FSLIC is governed by the Federal Home Loan Bank Board.

The FSLIC was established in 1934, the year in which deposits at commercial banks and mutual savings banks first were insured by the Federal Deposit Insurance Corporation. The FSLIC and the FDIC are permanent government corporations similar in structure and purpose. Both insure accounts to $100,000.

Insured accounts may be held by individuals, joint tenants, trustees, estates, partnerships, corporations, voluntary associations and public units. Funds held in trust for pension beneficiaries are insured to $100,000.

In protecting the funds of savers the Corporation has a wide choice of remedies when a member institution's financial position becomes uncertain. It can make loans, grant contributions or purchase assets, or use any combination of these. These actions help put the member institution back on a firm footing, or allow time for a merger or orderly liquidation to be arranged.

The merger of a problem institution into one that is financially and managerially strong is the rescue technique most frequently used by the FSLIC.

FSLIC Resources

At year-end 1981 the FSLIC had total reserves of $6.3 billion. More than 68% of its total funds were in liquid form, mainly U.S. government securities.

The Corporation may borrow up to $750 million from the U.S. Treasury. It also has the power to make additional premium assessments against its members to cover its losses and expenses, and it can call upon its members for deposits equal to 1% of their total savings. However, the Corporation never has had occasion to tap any of these sources for additional funds.

The FSLIC has in the net worth accounts of its member institutions another major line of defense against losses. At year-end 1981 this cushion was well over $27 billion.

FSLIC Premiums

Current statutes provide for two types of FSLIC insurance premiums: the regular premium and the additional premium. The regular premium, paid annually, is equal to 1/12 of 1% of all savings accounts at each FSLIC member institution.

The Corporation also may levy an additional premium up to the full amount of all its losses and expenses. In fact, the FSLIC never has charged its member associations any additional premiums. For a period of time beginning in the early 1960s, however, members were required to prepay regular premiums into a secondary reserve, in order to build total reserves more rapidly than regular payments alone could do.

FSLIC Membership

The number of insured savings and loan associations at year-end 1981 was 3,779. Members of the FSLIC hold more than 98% of the total assets of the business. FSLIC member institutions include all federally chartered associations and most state-chartered associations. The gradual decline in the number of FSLIC members since the mid-1960s reflects the overall decline in the number of associations.

FHA

The Federal Housing Administration, created by the National Housing Act of 1934, is a federal agency within the Department of Housing and Urban Development. The FHA operates a variety of loan insurance and subsidy programs designed to help stabilize the home mortgage market, improve housing construction standards and facilitate sound financing on reasonable terms.

The secretary of HUD generally sets the interest rate ceilings on FHA loans at a level required to meet market conditions, although when rates are rising the administered rate sometimes lags the market. Except in the case of interest-subsidized loans, the FHA borrower pays an annual insurance premium of ½ of 1% of the average principal outstanding over the year.

One major program provides for FHA insurance of single-family home loans. It encourages private lenders to extend home-ownership opportunities by making loans with maturities up to 30 and 35 years, and low downpayments.

The FHA also administers interest rate subsidy and rent supplement programs designed to help lower income families obtain decent, adequate housing.

VA

The Veterans Administration guarantees loans made by private lenders to eligible veterans of the U.S. armed forces. This guarantee is free of charge to qualifying veterans. The program includes conventional homes, condominiums and mobile homes. Because the VA reduces risk to the lender by guaranteeing part or all of the loan, the lender can safely offer the veteran very low downpayments and long terms.

The interest rate on VA-guaranteed single-family mortgages is the same as that on FHA loans.

FNMA

The basic function of the Federal National Mortgage Association is to provide a secondary market in residential loans. FNMA fulfills this function by buying, servicing and selling mortgages, using debt issued under its own name as its primary source of funds.

FNMA is the nation's largest purchaser of residential mortgages. At year-end 1981, it held a mortgage portfolio of $61 billion. The organization purchases conventional and government-insured loans outright under a competitive bidding setup as well as on a forward commitment basis.

FNMA, known in financial circles as Fannie Mae, has been owned by private shareholders since 1968, although it still has a number of ties to the government. Five of Fannie Mae's 15 directors are appointed by the President. The secretary of HUD has authority to set the corporation's debt limit and its ratio of debt to capital and also may require the corporation to allocate a portion of its purchases to programs related to national housing goals.

GNMA

The Government National Mortgage Association, often referred to as Ginnie Mae, is a wholly owned corporate instrumentality of the U.S. government, operating within HUD. GNMA was created in 1968 to assume certain functions formerly belonging to Fannie Mae, as well as to guarantee securities backed by government-insured or guaranteed mortgages.

The pass-through is the major type of Ginnie Mae-guaranteed mortgage-backed security issued by private mortgage lenders. It provides for passing along to the security holder the monthly payments of interest and principal on the underlying pool of mortgages. The security is fully guaranteed by the federal government.

A futures market in GNMA pass-throughs exists on the Chicago Board of Trade. There, investors can competitively trade contracts to buy or sell agreed-upon amounts of securities at a negotiated price at a specified future date. This market enables associations to pass along the interest rate risks of dealing in these securities to speculators who are more willing to gamble on interest rate trends.

The GNMA contract was the first of the so-called financial futures contracts. Futures contracts in other securities quickly followed, although strict regulatory limits prevented significant usage by associations. Sweeping changes in these regulations in September 1981 allowed associations great latitude in using futures to hedge the interest rate risk of their asset/liability structure. Speculation in futures contracts by associations continues to be strictly forbidden under these regulations.

Savings Data

1. DISTRIBUTION OF TOTAL INCOME
(DOLLAR AMOUNTS IN BILLIONS)

Year	Personal Income	Personal Taxes	Disposable Personal Income	Personal Outlays	Personal Savings	
					Amount	As a % of Disposable Income
1960	$ 402.3	$ 50.4	$ 352.0	$ 332.3	$ 19.7	5.6%
1965	540.7	64.9	475.8	442.1	33.7	7.1
1970	811.1	115.8	695.3	639.5	55.8	8.0
1971	868.4	116.7	751.8	691.1	60.7	8.1
1972	951.4	141.0	810.3	757.7	52.6	6.5
1973	1,065.2	150.7	914.5	835.5	79.0	8.6
1974	1,168.6	170.2	998.3	913.2	85.1	8.5
1975	1,265.0	168.9	1,096.1	1,001.8	94.3	8.6
1976	1,391.2	196.8	1,194.4	1,111.9	82.5	6.9
1977	1,538.0	226.5	1,311.5	1,237.5	74.1	5.6
1978	1,721.8	258.8	1,462.9	1,386.6	76.4	5.2
1979	1,943.8	302.0	1,641.7	1,555.5	86.2	5.2
1980	2,160.2	338.5	1,821.7	1,720.4	101.3	5.6
1981*	2,404.1	388.2	2,016.0	1,908.4	107.6	5.3

*Preliminary.
Source: Department of Commerce.

2. ALLOCATION OF HOUSEHOLD FUNDS
(DOLLAR AMOUNTS IN BILLIONS)

Item	1978	1979	1980	1981*
Disposable Personal Income	$1,462.9	$1,641.7	$1,821.7	$2,016.0
Plus: Increase in Credit	203.2	210.8	142.1	143.5
Equals: Total Funds Available	$1,666.1	$1,852.5	$1,963.8	$2,159.5
Less: Spending on Nondurable Goods and Services	1,149.4	1,298.5	1,460.9	1,625.8
Less: Increase in Currency and Demand Deposits	22.3	23.4	11.0	20.4
Leaves: Amount Available for Investment in Tangible and Financial Assets	$ 494.4	$ 530.6	$ 491.9	$ 513.3
Invested in:				
Tangible Assets	$ 239.5	$ 259.2	$ 205.9	$ 208.4
Financial Assets	254.9	271.4	286.0	304.9
Financial Assets Placed in:				
Savings Accounts	$ 100.0	$ 79.2	$ 131.2	$ 58.0
Insurance and Pension Funds	73.8	66.8	89.0	99.6
Credit and Equity Instruments	51.9	67.7	25.7	19.5
Money Market Funds	6.9	34.4	29.2	107.5

*Preliminary.
Sources: Department of Commerce; Federal Reserve Board.

3. ANNUAL CHANGE IN FINANCIAL ASSETS OF HOUSEHOLDS
(DOLLAR AMOUNTS IN BILLIONS)

Year	Savings Associations	Mutual Savings Banks	Commercial Banks	Credit Unions	Life Insurance Reserves	Pension Fund Reserves	Credit and Equity Instruments	Money Market Fund Shares	Total†
1960	$ 7.6	$ 1.4	$ 2.7	$0.5	$ 3.2	$ 8.3	$ 6.2		$ 31.6
1965	8.5	3.6	14.9	1.0	4.8	12.1	2.8		55.1
1970	11.0	4.4	27.0	1.2	5.5	18.4	– 1.2		75.1
1971	28.0	9.9	28.1	1.7	6.3	21.1	– 8.9		98.3
1972	32.7	10.2	29.0	2.5	6.9	22.6	6.0		122.2
1973	20.2	4.7	35.3	3.6	7.6	25.4	32.0		142.7
1974	16.1	3.1	34.1	2.6	6.7	29.6	36.6	$ 2.4	138.5
1975	42.8	11.2	24.6	5.4	8.7	34.9	27.0	1.3	162.8
1976	50.6	13.0	37.9	6.0	8.4	44.0	23.9	0.0	199.5
1977	51.0	11.1	37.7	7.8	11.5	54.6	27.7	0.2	223.0
1978	44.9	8.6	40.1	6.4	12.0	61.3	51.9	6.9	254.9
1979	39.3	3.4	33.3	3.2	12.5	54.3	67.7	34.4	271.4
1980	42.1	7.4	74.8	6.9	11.5	77.5	25.7	29.2	286.0
1981*	13.7	3.1	39.9	1.3	12.3	87.3	19.5	107.5	304.9

*Preliminary.
†Includes checkable deposits and currency not classified elsewhere.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

4. OVER-THE-COUNTER SAVINGS
(BILLIONS OF DOLLARS)

Year-end	Savings Associations[1]	Mutual Savings Banks[2]	Commercial Banks[3]	Credit Unions[4]	Total[5]
1960	$ 62.1	$ 36.3	$ 67.1	$ 5.0	$ 171.3
1965	110.4	52.4	130.8	9.2	303.1
1970	146.4	71.6	205.8	15.4	439.2
1971	174.2	81.4	239.2	18.3	513.1
1972	206.8	91.6	273.5	21.7	593.6
1973	227.0	96.5	314.4	24.6	662.5
1974	243.0	98.7	360.5	27.5	729.7
1975	285.7	109.9	393.4	33.0	822.0
1976	335.9	122.9	435.1	39.2	933.1
1977	386.8	134.0	482.0	46.8	1,049.6
1978	431.0	142.7	544.6	53.0	1,171.3
1979	470.0	146.0	589.0	56.2	1,261.2
1980	511.6	153.5	677.8	64.4	1,342.9
1981*	524.4	154.9	800.0	68.9	1,548.2

*Preliminary.
[1] All types of savings.
[2] Regular and special savings accounts.
[3] Time and savings deposits of individuals, partnerships and corporations.
[4] Shares and members' deposits.
[5] In 1960 and 1965, includes postal savings not classified elsewhere.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

5. AVERAGE ANNUAL YIELD ON SELECTED INVESTMENTS

Year	Savings Deposits in Savings Associations	Savings Deposits in Mutual Savings Banks	Time and Savings Deposits in Commercial Banks	United States Government Bonds	State and Local Bonds	Corporate Aaa Bonds
1960	3.86%	3.47%	2.56%	4.12%	3.73%	4.41%
1965	4.23	4.11	3.69	4.28	3.27	4.49
1970	5.06	5.01	4.95	7.35	6.51	8.04
1971	5.33	5.14	4.78	6.16	5.70	7.39
1972	5.39	5.23	4.66	6.21	5.27	7.21
1973	5.55	5.45	5.71	6.84	5.18	7.44
1974	5.98	5.76	6.93	7.56	6.09	8.57
1975	6.24	5.89	5.92	7.99	6.89	8.83
1976	6.32	5.98	5.53	7.61	6.49	8.43
1977	6.41	6.03	5.50	7.42	5.56	8.02
1978	6.52	6.14	6.02	8.41	5.90	8.73
1979	7.31	6.80	7.48	9.44	6.39	9.63
1980	8.69	7.96	9.08	11.46	8.51	11.94
1981*	10.53	9.17	11.23	13.91	11.23	14.17

*Preliminary.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service; National Association of Mutual Savings Banks; Standard & Poor's Corporation; United States League of Savings Associations.

6. TOTAL SAVINGS, AND NUMBER AND SIZE OF ACCOUNTS AT ALL ASSOCIATIONS

Year-end	Total Savings (Millions)	Number of Accounts (Thousands)	Average Size of Account
1960	$ 62,142	28,743	$2,162
1965	110,385	39,807	2,773
1970	146,404	48,080	3,045
1971	174,197	50,831	3,427
1972	206,764	54,483	3,795
1973	226,968	59,091	3,841
1974	242,974	63,622	3,819
1975	285,743	69,558	4,108
1976	335,912	75,622	4,442
1977	386,800	81,346	4,755
1978	430,953	86,903	4,959
1979	470,004	90,195	5,211
1980	511,636	94,572	5,410
1981*	524,374	†	†

*Preliminary.
†Not available.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Associations.

7. AVERAGE INTEREST RATE ON SAVINGS AT ASSOCIATIONS†

Month	1979	1980	1981
January	6.98%	8.15%	9.13%
February	7.02	8.36	9.09
March	7.08	8.66	10.24
April	7.16	8.85	10.43
May	7.21	9.05	10.69
June	7.23	9.05	10.74
July	7.29	8.95	10.91
August	7.34	8.87	11.18
September	7.37	8.58	11.26
October	7.54	8.55	11.66
November	7.72	8.68	11.59
December	7.88	8.95	11.42

†Based on data received from 1,100 associations regularly reporting to the U.S. League. This group holds 50% of the total savings of all associations.
Source: U.S. League of Savings Associations.

8. SAVINGS FLOWS AT ALL SAVINGS ASSOCIATIONS
(DOLLAR AMOUNTS IN MILLIONS)

Year	Gross Savings Receipts	Withdrawals	Net Savings Receipts	Withdrawals as a % of Gross Receipts	Percentage of Total Savings at Start of Year		
					Gross Receipts	Withdrawals	Net Receipts
1960	$ 24,413	$ 16,854	$ 7,559	69.0%	44.7%	30.9%	13.8%
1965	39,218	30,705	8,513	78.3	38.5	30.1	8.4
1970	63,957	52,939	11,018	82.8	47.2	39.1	8.1
1971	77,888	49,914	27,974	64.1	53.2	34.1	19.1
1972	95,884	63,221	32,663	65.9	55.0	36.3	18.8
1973	113,212	92,975	20,237	82.1	54.8	45.0	9.8
1974	125,915	109,847	16,068	87.2	55.5	48.4	7.1
1975	154,644	111,838	42,806	72.3	63.6	46.0	17.6
1976	184,210	133,625	50,585	72.5	64.5	46.8	17.7
1977	218,250	167,234	51,016	76.6	65.0	49.8	15.2
1978	270,841	225,977	44,864	83.4	70.0	58.4	11.6
1979	359,483	320,179	39,304	89.1	83.4	74.3	9.1
1980	461,292	419,198	42,094	90.9	98.1	89.2	9.0
1981*	530,537	516,886	13,651	97.4	103.7	101.0	2.7

*Preliminary.
Source: Federal Home Loan Bank Board.

9. SAVINGS DEPOSITS AT INSURED ASSOCIATIONS, BY TYPE OF ACCOUNT
(DOLLAR AMOUNTS IN MILLIONS)

Type of Account	September 30, 1981		April to September Net Change	
	Amount	Percentage	1980	1981
Passbook	$ 98,390	19.5%	$ 8,615	$– 7,845
90-day Notice	2,699	0.5	– 112	– 477
6-month Money Market Certificate	204,261	40.4	– 4,046	7,131
30-month Market Rate Certificate	76,335	15.1	33,472	19,096
4-year Market Rate Certificate	3,071	0.6	42	– 424
Special Purpose Certificate†	6,563	1.3	– 96	– 756
Other Certificates of Less than $100,000	67,628	13.4	–25,044	–25,856
Subtotal	$458,947	90.9%	$ 12,829	$– 9,131
$100,000-minimum Certificate	46,207	9.1	5,813	5,143
Total Savings	$505,156	100.0%	$ 18,642	$– 3,986

Note: Components may not add to totals due to rounding.
† IRA, Keogh and public unit fixed-rate certificates with special maturity and rate allowances.
Source: Federal Home Loan Bank Board.

10. QUARTERLY CHANGE IN SAVINGS DEPOSITS AT INSURED ASSOCIATIONS, BY TYPE OF ACCOUNT, 1980 AND 1981

Period	Passbook	Certificate and 90-day Notice	Money Market Certificate	30-month Certificate	100,000-minimum Certificate	Total Change in Savings
1980:						
1st Q.	$ - 8,274	$ - 30,615	$ 35,846	$ 7,643	$ 3,394	$ 7,994
2nd Q.	1,026	- 16,967	2,874	18,627	2,952	8,512
3rd Q.	7,796	- 8,287	- 6,920	14,845	2,706	10,140
4th Q.	- 12,023	- 9,501	22,720	9,145	3,545	13,886
Entire Year	$ - 11,475	$ - 65,370	$ 54,520	$50,260	$12,597	$ 40,532
1981:						
1st Q.	$ 1,158	$ - 14,264	$ 12,900	$ 6,979	$ 1,140	$ 7,913
2nd Q.	- 2,947	- 11,914	8,130	3,181	2,234	- 1,316
3rd Q.	- 4,908	- 15,523	- 999	15,915	2,874	- 2,641
4th Q.	1,389	6,559	- 20,571	19,855	1,342	8,574
Entire Year	$ - 5,308	$ - 35,142	$ - 540	$45,930	$ 7,590	$ 12,530

Source: Federal Home Loan Bank Board.

11. SAVINGS DEPOSITS AT INSURED ASSOCIATIONS, BY TYPE OF ACCOUNT
(PERCENTAGE DISTRIBUTION)

Year-end	NOW and Passbook	Fixed Rate Certificate and Special Account‡	Market Rate Certificate
1966†	88.3%	11.7%	
1970	59.4	40.6	
1971	54.6	45.4	
1972	50.6	49.4	
1973	46.7	53.3	
1974	44.1	55.9	
1975	42.7	57.3	
1976	40.3	57.6	2.1%
1977	37.9	59.7	2.4
1978	31.9	57.0	11.1
1979	25.3	41.0	33.7
1980	21.0	24.2	54.8
1981*	19.4	13.0	67.6

*Preliminary.
†October 31.
‡Includes a small amount of $100,000-minimum market rate certificates prior to 1976.

12. NET NEW SAVINGS FLOWS AT INSURED ASSOCIATIONS
(MILLIONS OF DOLLARS)

Quarter	Net New Savings	Net New Retail Savings†
1976:		
1st Q.	$ 12,514	‡
2nd Q.	6,771	$ 6,589
3rd Q.	7,200	6,348
4th Q.	7,884	7,703
1977:		
1st Q.	11,734	11,462
2nd Q.	7,391	6,553
3rd Q.	8,210	7,425
4th Q.	4,669	4,281
1978:		
1st Q.	7,542	5,848
2nd Q.	4,290	2,589
3rd Q.	6,487	5,292
4th Q.	5,141	4,460
1979:		
1st Q.	10,103	8,349
2nd Q.	1,606	- 1,791
3rd Q.	1,974	- 1,530
4th Q.	1,346	- 3,089
1980:		
1st Q.	1,550	- 1,844
2nd Q.	799	- 2,153
3rd Q.	2,252	- 454
4th Q.	6,066	2,521
1981:		
1st Q.	- 659	- 1,799
2nd Q.	-10,467	-12,701
3rd Q.	-12,627	-15,501
4th Q.	- 1,652	- 2,994

†Net new savings gains excluding increase in $100,000-minimum certificates.
‡Not available.
Source: Federal Home Loan Bank Board.

13. MONEY MARKET CERTIFICATE BALANCES AND INTEREST RATES AT INSURED SAVINGS ASSOCIATIONS

(DOLLAR AMOUNTS IN MILLIONS)

Month	MMCs Outstanding	MMC Increase		MMC Balances as a Percentage of Total Savings	Maximum Average Interest Rate Payable†
		Amount	Percentage		
1978:					
June	$ 5,400	$ 5,400	...	1.35%	7.85%
July	11,790	6,390	118.3%	2.92	8.14
August	15,080	3,290	27.9	3.72	8.02
September	19,338	4,258	28.2	4.70	8.67
October	27,390	8,052	41.6	6.61	9.27
November	36,040	8,650	31.6	8.85	10.06
December	42,780	6,740	18.7	10.13	10.28
1979:					
January	58,260	15,480	36.2	13.65	10.39
February	64,640	6,380	11.0	15.05	10.22
March	73,214	8,574	13.3	16.72	10.06
April	80,000	6,786	9.3	18.32	9.89
May	83,470	3,470	4.3	19.03	9.93
June	86,590	3,120	3.7	19.44	9.49
July	91,420	4,830	5.6	20.43	9.60
August	95,560	4,140	4.5	21.30	9.84
September	101,914	6,354	6.6	22.48	10.56
October	116,400	14,486	14.2	25.57	11.87
November	123,690	7,290	6.3	27.11	12.42
December	127,790	4,100	3.3	27.74	12.41
1980.					
January	137,730	9,940	7.8	29.76	12.41
February	146,330	8,600	6.2	31.51	13.35
March	163,636	17,306	11.8	34.91	15.90
April	173,790	10,154	6.2	37.05	14.29
May	170,280	– 3,510	– 2.0	36.08	9.61
June	166,510	– 3,770	– 2.2	34.89	8.25
July	161,040	– 5,470	– 3.3	33.59	8.91
August	160,440	– 600	– 0.4	33.29	10.07
September	159,590	– 850	– 0.5	32.75	11.25
October	163,200	3,610	2.3	33.22	12.34
November	170,150	6,950	4.3	34.46	14.55
December	184,230	14,080	8.3	36.76	15.81
1981:					
January	191,820	7,590	4.1	38.12	14.84
February	197,250	5,430	2.8	39.03	15.12
March	197,130	– 120	– 0.1	38.72	13.87
April	197,590	460	0.2	39.03	14.36
May	205,250	7,660	3.9	40.42	16.43
June	205,260	10	‡	40.42	14.84
July	208,230	2,970	1.4	41.29	15.62
August	210,010	1,780	0.9	41.75	16.66
September	204,261	– 5,749	– 2.7	40.43	16.12
October	191,610	–12,651	– 6.2	37.66	14.99
November	186,160	– 5,450	– 2.8	36.56	13.36
December	183,690	– 2,470	– 1.3	35.75	12.32

†Continuous compounding until March 15, 1979; annual yield on a 182/360-day basis since then.
‡Less than 0.05%.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

14. CERTIFICATE BALANCES AT INSURED ASSOCIATIONS, BY INTEREST RATE, SEPTEMBER 30, 1981

(DOLLAR AMOUNTS IN MILLIONS)

Item	Amount	Percentage of Total Savings
6-month MMCs:		
13.00% or less	$ 7,764	1.54%
13.01% to 14.00%	23,134	4.58
14.01% to 15.00%	78,194	15.48
15.01% to 16.00%	73,643	14.58
More than 16.00%	21,527	4.26
30-month Market Rate Certificates:		
12.00% or less	53,824	10.65
12.01% to 13.00%	1,723	0.34
13.01% to 14.00%	144	0.03
14.01% to 15.00%	421	0.08
More than 15.00%	20,223	4.00
4-year Market Rate Certificates	3,071	0.61
Special Purpose Certificates†	6,563	1.30
Other Certificates Less than $100,000:		
6.00% or less	1,500	0.30
6.01% to 6.50%	4,038	0.80
6.51% to 7.00%	2,675	0.53
7.01% to 7.50%	33,683	6.67
7.51% to 8.00%	25,655	5.08
More than 8.00%	77	0.02
Certificates of $100,000 or more:		
14.00% or less	4,576	0.91
14.01% to 15.00%	2,725	0.54
15.01% to 16.00%	5,146	1.02
16.01% to 17.00%	8,110	1.61
More than 17.00%	25,569	5.06
Total Certificates	$403,985	79.97%
Total Savings	$505,156	100.00%

Note: Components may not add to totals due to rounding.
†IRA, Keogh and public unit fixed-rate certificates with special maturity and rate allowances.
Source: Federal Home Loan Bank Board.

15. INTEREST RATE CEILINGS ON SAVINGS ACCOUNTS AT FHLB MEMBER ASSOCIATIONS, JANUARY 1, 1982

Type of Account	Rate Ceiling
Passbook	5.50%
Transaction (NOW)	5.25
90-day Notice[1]	6.00
Fixed-ceiling Certificate:[1]	
90 days to 1 year	6.00
1 to 2½ years	6.50
2½ to 4 years	6.75
4 to 6 years	7.50
6 to 8 years	7.75
8 or more years	8.00
Market Rate Certificate:	
26-week MMC ($10,000 minimum)	[2]
1-year All Savers certificate (no minimum)	[3]
1½-year minimum IRA and Keogh certificates (no minimum)	none
30-month (no minimum)	[4]
$100,000 minimum	none

[1]Associations may pay 8% on all governmental unit 90-day notice and certificate accounts with balances less than $100,000.
[2]Maximum rate for each seven-day period beginning Tuesday is tied to the average yield on a discount basis on six-month U.S. Treasury bills in the most recent weekly auction:

T-bill rate	MMC ceiling
Less than 7.25%	7.75%
7.25% to 8.49%	T-bill rate + 0.50%
8.50% to 8.74%	9.00%
8.75% or more	T-bill rate + 0.25%

The maximum rate is the higher of the most recent auction rate or the average of the four most recent auction rates.
[3]Maximum rate for each four-week period beginning every fourth Sunday is 70% of the annual investment yield at the most recent auction of 52-week U.S. Treasury bills.
[4]Maximum rate for each two-week period beginning every second Tuesday is the average yield on 2½-year U.S. Treasury securities (as determined by the Treasury) for the five business days ending the preceding Monday, but not less than 9.50%. Term limited to less than four years.
Source: Federal Home Loan Bank Board.

16. GROWTH IN SELECTED TYPES OF CREDIT
(BILLIONS OF DOLLARS)

Type of Credit	1960	1981*	Increase
Total Credit Outstanding	$779.9	$5,127.7	$4,347.8
Residential Mortgage Loans:			
One- to Four-family Homes	141.9	1,018.5	876.6
Apartments	20.8	144.3	123.5
Total	162.7	1,162.7	1,000.1
Corporate and Foreign Bonds	90.2	533.2	443.0
State and Local Government Obligations	70.8	361.4	290.6
Consumer Credit	65.1	411.4	346.3
Mortgages on Commercial Properties	33.4	279.1	245.7
Federal Debt	243.1	1,146.7	903.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Reserve Board; United States League of Savings Associations.

17. TOTAL RESIDENTIAL MORTGAGE LOANS OUTSTANDING
(DOLLAR AMOUNTS IN BILLIONS)

Year	Total Residential Debt	Annual Increase†	Percentage Increase†
1960	$ 162.7	$ 12.2	9.8%
1965	258.7	19.2	9.7
1970	357.8	19.8	6.7
1971	397.6	39.8	11.1
1972	454.1	56.5	14.2
1973	509.3	55.2	12.2
1974	549.4	40.1	7.9
1975	591.4	42.0	7.6
1976	661.0	69.6	11.8
1977	767.7	106.7	16.1
1978	886.3	118.6	15.4
1979	1,007.8	121.5	13.7
1980	1,097.5	89.7	8.9
1981*	1,162.7	65.2	5.9

*Preliminary.
†1960, 1965 and 1970 increases are five-year annual averages.
Source: Federal Reserve Board.

18. GROWTH IN MORTGAGE INSURANCE
(DOLLAR AMOUNTS IN BILLIONS)

Year-end	Private Mortgage Insurance	One- to Four-family FHA/VA Insurance	Insurance as a % of Home Mortgage Debt
1960	$ 0.3	$ 56.4	40.0%
1965	3.3	73.1	34.6
1970	7.3	97.3	35.1
1971	9.6	105.2	35.0
1972	17.5	113.0	35.1
1973	27.4	116.2	34.5
1974	33.6	121.3	34.5
1975	40.0	127.7	34.2
1976	49.3	133.5	32.8
1977	62.8	141.6	31.2
1978	80.5	153.4	30.6
1979	95.2	172.9	30.5
1980	105.3	195.2	31.3
1981*	114.3	205.9†	31.5†

*Preliminary.
†September 30.
Sources: Federal Housing Administration; Federal Reserve Board; Mortgage Insurance Companies of America; Veterans Administration.

19. MORTGAGE LOANS OUTSTANDING, BY TYPE OF PROPERTY
(BILLIONS OF DOLLARS)

Year-end	Residential Properties: One- to Four-family	Residential Properties: Multi-family	Residential Properties: Total	Commercial Properties	Farm Properties	All Properties
1960	$ 141.9	$ 20.8	$ 162.7	$ 33.4	$ 12.8	$ 208.9
1965	220.5	38.2	258.7	55.5	21.2	335.3
1970	297.7	60.1	357.8	85.5	29.8	473.1
1971	327.6	70.0	397.6	95.8	32.2	525.7
1972	371.4	82.7	454.1	112.6	35.8	602.4
1973	416.2	93.1	509.3	131.7	41.3	682.3
1974	449.4	100.0	549.4	146.9	46.3	742.5
1975	490.8	100.6	591.4	159.3	50.9	801.5
1976	556.5	104.5	661.0	171.2	56.6	888.8
1977	655.9	111.8	767.7	189.7	63.7	1,021.1
1978	765.2	121.1	886.3	211.9	71.2	1,169.4
1979	878.9	128.9	1,007.8	236.5	82.7	1,326.9
1980	960.3	137.2	1,097.5	256.5	92.0	1,446.1
1981*	1,018.5	144.3	1,162.7	279.1	101.9	1,543.8

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Reserve Board.

20. MORTGAGE LOANS OUTSTANDING, BY TYPE OF PROPERTY AND LENDER, YEAR-END 1981*
(BILLIONS OF DOLLARS)

Lender	Residential Properties: One- to Four-family	Residential Properties: Multi-family	Residential Properties: Total	Commercial Properties	Farm Properties	Total Mortgage Loans
Savings Associations	$ 432.7	$ 38.3	$ 470.9	$ 47.3	†	$ 518.3
Commercial Banks	172.5	14.9	187.5	90.7	$ 8.5	286.6
Mutual Savings Banks	65.4	17.4	82.8	17.1	0.1	100.0
Life Insurance Companies	18.0	20.1	38.1	89.0	13.2	140.2
All Others	329.9	53.6	383.5	35.0	80.2	498.7
Total	$1,018.5	$144.3	$1,162.7	$279.1	$101.9	$1,543.8

Note: Components may not add to totals due to rounding.
*Preliminary.
†Less than $50 million.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

21. RESIDENTIAL MORTGAGE LOANS OUTSTANDING AND SAVINGS ASSOCIATION SHARE, 1981*
(DOLLAR AMOUNTS IN BILLIONS)

Item	One- to Four-family: Year-end Total	One- to Four-family: 1981 Increase	Multifamily: Year-end Total	Multifamily: 1981 Increase	Total Residential: Year-end Total	Total Residential: 1981 Increase
All Lenders	$1,018.5	$58.2	$144.3	$7.1	$1,162.7	$65.2
All Private Lenders†	$ 815.3	$38.1	$119.3	$5.2	$ 934.6	$43.3
Savings Associations	$ 432.7	$13.2	$ 38.3	$0.1	$ 470.9	$13.4
Association Share of Total Market	42.5%	22.7%	26.5%	1.4%	40.5%	20.6%
Association Share of Private Market	53.1%	34.6%	32.1%	1.9%	50.4%	30.9%

Note: Components may not add to totals due to rounding.
*Preliminary.
†Excludes holdings of federal agencies, the U.S. government and mortgage pools.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

22. ONE- TO FOUR-FAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER

(BILLIONS OF DOLLARS)

Year-end	Savings Associations	Mutual Savings Banks	Commercial Banks	Life Insurance Companies	Federally Supported Agencies†	All Others	Total
1960	$ 55.4	$20.6	$ 19.2	$24.9	$ 7.1	$ 14.7	$ 141.9
1965	94.2	33.8	30.4	29.6	6.6	25.9	220.5
1970	124.5	42.1	42.3	26.8	24.7	37.3	297.7
1971	141.0	43.4	48.0	24.6	30.5	40.1	327.6
1972	165.6	46.2	57.0	22.3	36.1	44.2	371.4
1973	187.1	48.8	68.0	20.4	41.9	50.0	416.2
1974	201.0	49.2	74.8	19.0	52.0	53.4	449.4
1975	223.9	50.0	77.0	17.6	66.0	56.3	490.8
1976	260.8	53.1	86.2	16.1	77.6	62.7	556.5
1977	310.7	57.6	105.1	14.7	96.3	71.5	655.9
1978	356.1	62.3	129.2	14.4	119.6	83.6	765.2
1979	394.3	64.7	149.5	16.2	154.8	99.4	878.9
1980	419.4	65.3	160.3	17.9	183.1	114.3	960.3
1981*	432.7	65.4	172.5	18.0	203.2	126.7	1,018.5

*Preliminary.
†Includes mortgage pools.
Source: Federal Reserve Board.

23. ANNUAL CHANGE IN AGENCY-SUPPORTED RESIDENTIAL DEBT

(DOLLAR AMOUNTS IN MILLIONS)

Year	FNMA and GNMA Holdings	FHLMC Holdings	FHLB Advances	Total Agency Support	All Residential Debt	Agency Support as a % of All Residential Debt
1960	$ 759		$ – 153	$ 606	$ 13,200	4.6%
1965	– 42		672	630	20,800	3.0
1970	4,911	$ 325	1,326	6,562	21,900	30.0
1971	2,395	643	– 2,679	359	39,800	0.9
1972	1,801	820	43	2,664	56,500	4.7
1973	3,300	816	7,168	11,284	55,200	20.4
1974	6,222	1,982	6,657	14,861	40,100	37.1
1975	4,838	401	– 3,959	1,280	42,000	3.0
1976	– 2,117	– 718	– 1,983	– 4,818	69,600	– 6.9
1977	884	– 1,002	4,311	4,193	106,700	3.9
1978	8,791	– 176	12,497	21,112	118,600	17.8
1979	8,123	961	9,168	18,252	121,500	15.0
1980	7,026	1,004	7,125	15,155	89,700	16.9
1981*	4,208	181	16,231	20,620	65,200	31.6

*Preliminary.
Sources: Federal Home Loan Bank Board; Federal Home Loan Mortgage Corporation; Federal National Mortgage Association; Federal Reserve Board; Government National Mortgage Association.

24. MULTIFAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER
(BILLIONS OF DOLLARS)

Year-end	Savings Associations	Mutual Savings Banks	Commercial Banks	Life Insurance Companies	All Others	Total
1960	$ 2.2	$ 3.7	$ 1.1	$ 3.9	$ 9.9	$ 20.8
1965	8.1	6.3	2.0	8.8	13.0	38.2
1970	13.8	7.8	3.3	16.0	19.2	60.1
1971	17.5	9.6	4.0	16.7	22.2	70.0
1972	21.0	10.9	5.8	17.3	27.7	82.7
1973	22.8	12.3	6.9	18.5	32.6	93.1
1974	23.8	12.9	7.6	19.6	36.1	100.0
1975	25.5	13.8	5.9	19.6	35.8	100.6
1976	28.4	14.2	8.1	19.2	34.6	104.5
1977	32.5	15.3	9.2	18.8	36.0	111.8
1978	36.1	16.5	10.3	19.0	39.2	121.1
1979	37.6	17.2	11.2	19.3	43.6	128.9
1980	38.1	17.3	12.9	19.5	49.4	137.2
1981*	38.3	17.4	14.9	20.1	53.6	144.3

*Preliminary.
Source: Federal Reserve Board.

25. LONG-TERM INTEREST RATES

Year	Conventional Loans on New Homes, Effective Interest Rate	New Aaa Utility Issues Yield	Corporate Aaa Bond Yield	Spread between Conventional Loan Rate and Utilities Yield	Spread between Conventional Loan Rate and Corporate Bond Yield
1965	5.81%	4.50%	4.49%	1.31%	1.32%
1970	8.45	8.68	8.04	−0.23	0.41
1971	7.74	7.62	7.39	0.12	0.35
1972	7.60	7.31	7.21	0.29	0.39
1973	7.95†	7.74	7.44	0.21	0.51
1974	8.92	9.33	8.57	−0.41	0.35
1975	9.01	9.40	8.83	−0.39	0.18
1976	8.99	8.48	8.43	0.51	0.56
1977	9.01	8.19	8.02	0.82	0.99
1978	9.54	8.96	8.73	0.58	0.81
1979	10.77	10.03	9.63	0.74	1.14
1980	12.65	12.74	11.94	−0.09	0.71
1981	14.74	15.56	14.17	−0.82	0.57

†New series.
Sources: Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service.

26. TERMS ON CONVENTIONAL MORTGAGE LOANS

Item	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981
New Single-family Homes:				
Interest Rate	9.76%	11.30%	12.86%	15.23%
Loan Fees	1.49%	1.85%	2.15%	2.87%
Maturity in Years	28.10	28.80	28.20	27.70
Loan-to-price Ratio	75.10%	72.90%	72.90%	75.30%
Average Purchase Price	$68,100	$79,400	$90,100	$88,700
Existing Single-family Homes:				
Interest Rate	9.85%	11.59%	13.15%	15.53%
Loan Fees	1.32%	1.64%	2.12%	2.30%
Maturity in Years	27.00	26.90	26.50	25.30
Loan-to-price Ratio	73.70%	73.60%	73.70%	70.60%
Average Purchase Price	$61,500	$64,700	$65,300	$70,000

Source: Federal Home Loan Bank Board.

27. MORTGAGE PORTFOLIO OF ALL ASSOCIATIONS

Year-end	Loans Outstanding (Millions of Dollars)† One- to Four-family Homes	Other Properties	Total	Number of Loans (Thousands)	Average Loan Balance
1960	$ 55,386	$ 4,684	$ 60,070	7,567	$ 7,938
1965	94.225	16,081	110,306	9,982	11,051
1970	124,543	25,788	150,331	10,951	13,728
1971	141,650	32,600	174,250	11,483	15,175
1972	166,410	39,772	206,182	12,223	16,869
1973	187,078	44,655	231,733	12,821	18,075
1974	200,987	48,314	249,301	12,912	19,308
1975	223,903	54,687	278,590	13,446	20,719
1976	260,794	62,211	323,005	13,933	23,183
1977	310,686	70,477	381,163	14,873	25,627
1978	356,114	76,694	432,808	15,480	27,960
1979	394,345	81,343	475,688	15,809	30,090
1980	419,446	83,746	503,192	16,071	31,311
1981*	432,693	85,657	518,350	‡	‡

*Preliminary.
†Beginning with 1970, includes (1) junior liens, (2) real estate sold on contract, and (3) collateral loans secured by assignment of first mortgage loans; beginning with 1973, excludes certain government-insured mortgage-type investments.
‡Not available.
Sources: Federal Home Loan Bank Board; Federal Reserve Board; United States League of Savings Associations.

28. MORTGAGE LOANS MADE BY ALL ASSOCIATIONS, BY PURPOSE OF LOAN
(MILLIONS OF DOLLARS)

Year	Home Construction	Home Purchase	All Other Purposes	Total
1960	$ 4,678	$ 6,132	$ 3,494	$ 14,304
1965	6,013	10,830	7,349	24,192
1970	4,150	10,238	6,998	21,386
1971	6,824	18,779	13,816	39,419
1972	8,548	26,594	16,227	51,369
1973	8,424	28,219	12,769	49,412
1974	6,503	22,641	9,814	38,958
1975	8,690	30,716	15,634	55,040
1976	12,960	45,727	20,089	78,776
1977	18,196	62,519	26,653	107,368
1978	20,136	65,585	24,573	110,294
1979	18,565	60,744	21,237	100,546
1980	13,515	41,919	17,103	72,537
1981*	10,315	27,546	15,422	53,283

*Preliminary.
Source: Federal Home Loan Bank Board.

29. ONE- TO FOUR-FAMILY HOMES FINANCED BY ALL ASSOCIATIONS

Year	Thousands of Homes† New Homes	Existing Homes	Total
1960	379	609	988
1965	375	823	1,198
1970	160	543	703
1971	247	913	1,160
1972	285	1,175	1,460
1973	660	887	1,547
1974	475	654	1,129
1975	510	853	1,363
1976	680	1,120	1,800
1977	840	1,320	2,160
1978	825	1,220	2,045
1979	690	960	1,650
1980	465	580	1,045
1981	330	345	675

†Permanently financed new homes where the association did not make the construction loan were included in existing homes prior to 1973.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Associations.

30. MORTGAGE PORTFOLIO OF INSURED ASSOCIATIONS, BY TYPE OF PROPERTY

(DOLLAR AMOUNTS IN BILLIONS)

Type of Property	1976	1977	1978	1979	1980	1981*
Single-family	$237.4	$283.2	$325.3	$360.9	$383.9	$400.9
Two- to Four-family	15.6	18.6	21.1	23.4	24.2	23.2
Multifamily	27.5	31.4	34.9	36.4	36.9	34.0
Commercial	29.5	32.9	35.1	37.5	38.6	41.2
Other	5.3	6.3	7.1	8.3	9.1	9.8
Total	$315.3	$372.4	$423.5	$466.5	$492.7	$509.1
	Percentage Distribution					
Single-family	75.3%	76.0%	76.8%	77.4%	77.9%	78.7%
Two- to Four-family	4.9	5.0	5.0	5.0	4.9	4.6
Multifamily	8.7	8.4	8.2	7.8	7.5	6.7
Commercial	9.4	8.8	8.3	8.0	7.8	8.1
Other	1.7	1.7	1.7	1.8	1.8	1.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

31. MORTGAGE LOANS MADE BY INSURED ASSOCIATIONS, BY PURPOSE OF LOAN

Item	Millions of Dollars		Distribution of Loans Closed	
	1980	1981*	1980	1981*
Construction Loans:				
Single-family Homes	$12,550	$ 9,583	17.6%	18.3%
Two- to Four-family Homes	728	544	1.0	1.0
One- to Four-family Homes	$13,278	$10,127	18.6%	19.4%
Apartments	1,404	1,262	2.0	2.4
Other Structures	1,980	2,264	2.8	4.3
Purchase Loans:				
New Single-family Homes	$13,792	$11,031	19.4%	21.1%
Existing Single-family Homes	25,710	15,078	36.1	28.8
Two- to Four-family Homes	1,682	944	2.4	1.8
One- to Four-family Homes	$41,184	$27,053	57.8%	51.7%
Apartments	1,022	738	1.4	1.4
Other Improved Real Estate	1,264	1,225	1.8	2.3
Loans Refinanced	7,566	5,571	10.6	10.6
Loans for Other Purposes	3,573	4,091	5.0	7.8
Total Loans Closed	$71,270	$52,332	100.0%	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Home Loan Bank Board.

32. MORTGAGE LENDING ACTIVITY OF ALL ASSOCIATIONS
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Outstanding at Year-end[1]	Total Loans Acquired	Total Portfolio Inflows[2]	Turnover Ratio[3]
1960	$ 60,070	$ 15,206	$ 7,803	13.8%
1965	110,306	26,667	16,975	16.0
1970	150,331	25,244	14,787	10.2
1971	174,250	47,159	22,979	14.2
1972	206,182	62,261	30,090	15.8
1973	231,733	56,819	30,868	14.1
1974	249,301	45,003	27,377	11.4
1975	278,590	63,782	34,209	13.0
1976	323,005	91,844	46,773	15.5
1977	381,163	122,151	63,541	18.0
1978	432,808	121,482	68,940	16.9
1979	475,688	112,778	69,269	15.3
1980	503,192	85,722	57,529	11.8
1981*	518,350	63,989	47,898	9.4

*Preliminary.
[1]Beginning with 1970, includes (1) junior liens; (2) real estate sold on contract; and (3) collateral loans secured by the assignment of first mortgage loans; beginning with 1973, excludes participation certificates guaranteed by FHLMC, loans and notes insured by the Farmers Home Administration, and certain other government-insured mortgage-type investments.
[2]Repayments plus sales of loans and participations.
[3]Total inflows as a percentage of average mortgage portfolio.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

33. MORTGAGE LOANS ACQUIRED BY INSURED ASSOCIATIONS
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Closed	Loans and Participations Purchased	Total Loans Acquired	Purchases as a Percentage of Total Loans Acquired
1960	$ 13,802	$ 851	$ 14,653	5.8%
1965	23,309	2,385	25,694	9.3
1970	20,760	3,745	24,505	15.3
1971	38,341	7,529	45,870	16.4
1972	50,024	10,612	60,636	17.5
1973	48,193	7,229	55,422	13.0
1974	38,050	5,904	43,954	13.4
1975	53,799	8,544	62,343	13.7
1976	77,103	12,799	89,902	14.2
1977	105,287	14,497	119,784	12.1
1978	108,273	10,984	119,257	9.2
1979	98,730	12,012	110,742	10.8
1980	71,270	12,956	84,226	15.4
1981*	52,332	10,516	62,848	16.7

*Preliminary.
Source: Federal Home Loan Bank Board.

34. MORTGAGE PORTFOLIO INFLOWS AT INSURED ASSOCIATIONS
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loan Repayments	Loans and Participations Sold	Total Inflows	Sales as a Percentage of Total Inflows	Turnover Ratio†
1970	$13,247	$ 1,108	$14,355	7.7%	10.2%
1971	20,186	2,165	22,351	9.7	14.2
1972	25,591	3,714	29,305	12.7	15.8
1973	26,652	3,457	30,109	11.5	14.1
1974	23,231	3,505	26,736	13.1	11.4
1975	28,230	5,206	33,436	15.6	13.0
1976	37,337	8,447	45,784	18.4	15.6
1977	48,467	13,846	62,313	22.2	18.1
1978	52,196	15,485	67,681	22.9	16.9
1979	49,713	18,331	68,044	26.9	15.3
1980	40,673	15,855	56,528	28.0	11.8
1981*	34,432	12,614	47,046	26.8	9.4

*Preliminary.
†Total inflows as a percentage of average mortgage portfolio.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

35. MORTGAGE FORECLOSURES BY INSURED ASSOCIATIONS

	All Mortgage Loans		Conventional Loans		FHA and VA Loans	
Year	Number	Rate[1]	Number	Rate[1]	Number	Rate[1]
1965	53,788	.570%	41,817	.512%	11,971	.947%
1970	19,493	.186	12,777	.141	6,176	.461
1971	20,464	.189	11,278	.121	9,186	.549
1972	22,958	.199	10,045	.104	12,913	.687
1973[2]	25,275	.208	10,639	.103	14,636	.770
1974	24,230	.192	11,945	.112	12,285	.623
1975	24,979	.195	15,538	.142	9,441	.491
1976	22,542	.168	15,800	.138	6,742	.353
1977	19,900	.141	13,468	.110	6,432	.351
1978	17,502	.117	12,214	.092	5,288	.303
1979	16,767	.108	12,764	.092	4,003	.246
1980	20,211	.129	17,050	.120	3,161	.202
1981[3]	13,083	.166	11,215	.156	1,868	.246

[1]Percentage of loans held.
[2]New series.
[3]January through June; foreclosure rates are annualized.
Source: Federal Home Loan Bank Board.

36. CONSUMER LOANS OUTSTANDING AT INSURED ASSOCIATIONS
(MILLIONS OF DOLLARS)

Type	1976	1977	1978	1979	1980	1981*
Mobile Home Loans	$2,307	$ 2,551	$ 2,157	$ 2,396	$ 2,608	$ 3,930
Home Improvement Loans:						
Government-insured	599	749	855	1,040	1,109	1,662
Conventional	2,043	2,795	2,798	3,351	3,851	4,112
Loans Secured by Savings Accounts	2,175	2,882	3,950	6,341	7,445	5,144
Education Loans	469	542	638	816	1,139	1,617
All Other Loans	469	718	1,071	1,855	2,566	2,437
Total	$8,062	$10,237	$11,469	$15,799	$18,719	$18,902

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

37. PRIVATE AND PUBLIC HOUSING STARTS

Year	Private Units	Public Units	Total Units
1960	1,252,200	43,900	1,296,100
1965	1,472,800	36,900	1,509,700
1970	1,433,600	35,400	1,469,000
1971	2,052,200	32,300	2,084,500
1972	2,356,600	21,900	2,378,500
1973	2,045,300	12,200	2,057,500
1974	1,337,700	14,800	1,352,500
1975	1,160,400	10,900	1,171,400
1976	1,537,500	10,100	1,547,600
1977	1,987,100	14,600	2,001,700
1978	2,020,300	15,800	2,036,100
1979	1,745,100	14,800	1,760,000
1980	1,292,200	20,400	1,312,600
1981*	1,084,200	16,100	1,100,300

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Bureau of the Census.

38. PRIVATE HOUSING STARTS, BY REGIONS

(THOUSANDS OF UNITS)

Year	North-east	North Central	South	West
1960	221	292	429	309
1965	270	362	575	266
1970	218	294	612	310
1971	264	434	869	486
1972	330	443	1,057	527
1973	277	440	899	429
1974	183	317	553	285
1975	149	294	442	275
1976	169	400	569	400
1977	202	465	783	538
1978	200	451	824	545
1979	178	349	748	470
1980	125	218	643	306
1981*	117	165	562	240

*Preliminary.
Source: Bureau of the Census.

39. PRIVATE HOUSING STARTS, BY MONTHS

(SEASONALLY ADJUSTED ANNUAL RATE)

Month	Thousands of Units		
	1979	1980	1981*
January	1,630	1,339	1,585
February	1,520	1,356	1,294
March	1,847	1,060	1,318
April	1,748	1,030	1,301
May	1,876	939	1,172
June	1,913	1,196	1,046
July	1,760	1,273	1,040
August	1,778	1,418	946
September	1,832	1,463	899
October	1,681	1,504	854
November	1,524	1,539	860
December	1,498	1,457	882

*Preliminary.
Source: Department of Commerce.

40. SUBSIDIZED HOUSING STARTS

Year	Subsidized Units Started	Percentage of Total Starts
1965	62,589	4.1%
1970	429,192	29.2
1971	430,001	20.6
1972	332,300	14.0
1973	181,381	8.8
1974	87,149	6.4
1975	85,876	7.3
1976	130,144	8.4
1977	201,644	10.1
1978	263,322	12.9
1979	257,661	14.6
1980	129,287	9.8
1981*	59,991	5.5

*Preliminary.
Sources: Bureau of the Census; Department of Housing and Urban Development.

41. PRIVATE HOUSING STARTS, BY NUMBER OF FAMILY UNITS

Year	One-family	Two-family	Three- and Four-family	Five or More	Total
1960	994,700	44,000	213,400		1,252,200
1965	963,700	50,800	35,800	422,500	1,472,800
1970	812,900	42,400	42,400	535,900	1,433,600
1971	1,151,000	55,100	65,200	780,900	2,052,200
1972	1,309,200	67,100	74,200	906,200	2,356,600
1973	1,132,000	54,200	64,100	795,000	2,045,300
1974	888,100	33,200	34,900	381,600	1,337,700
1975	892,200	34,500	29,500	204,300	1,160,400
1976	1,162,400	44,000	41,900	289,200	1,537,500
1977	1,450,900	60,700	61,000	414,400	1,987,100
1978	1,433,300	62,200	62,800	462,000	2,020,300
1979	1,194,100	56,100	65,900	429,000	1,745,100
1980	852,200	48,800	60,700	330,500	1,292,200
1981*	705,400	38,100	53,000	287,600	1,084,200

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Bureau of the Census.

42. PRIVATE STARTS OF APARTMENTS

Year	Number of Buildings†	Number of Units	Year	Number of Buildings†	Number of Units
1965	24,300	422,500	1976	21,600	289,200
1970	31,700	535,900	1977	30,500	414,400
1971	48,900	780,900	1978	31,700	462,000
1972	56,800	906,200	1979	30,600	429,000
1973	50,800	795,000	1980	22,600	330,500
1974	25,500	381,600	1981*	19,700	287,600
1975	14,700	204,300			

*Preliminary.
†Apartment buildings with five or more units.
Source: Bureau of the Census.

43. ANNUAL DOLLAR VOLUME OF NEW CONSTRUCTION
(DOLLAR AMOUNTS IN BILLIONS)

Item	1977	1978	1979	1980	1981*
Gross National Product	$1,918.0	$2,156.1	$2,413.9	$2,626.1	$2,925.5
Private Domestic Investment	$ 322.3	$ 375.3	$ 415.8	$ 395.3	$ 450.5
Construction Expenditures:					
Total Private	$ 135.7	$ 159.7	$ 181.7	$ 174.9	$ 182.8
Total Public	38.2	45.9	49.1	55.4	53.5
Total Private and Public	$ 173.8	$ 205.6	$ 230.8	$ 230.3	$ 236.3
Total Private Residential	$ 81.0	$ 93.4	$ 99.0	$ 87.3	$ 85.7
Private Construction as a Percentage of Total Construction	78.1%	77.7%	78.7%	75.9%	77.4%
Private Residential Construction as a Percentage of:					
Gross National Product	4.2%	4.3%	4.1%	3.3%	2.9%
Private Domestic Investment	25.1	24.9	23.8	22.1	19.0
Total Private Construction	59.7	58.5	54.5	49.9	46.9
Total Private and Public Construction	46.6	45.4	42.9	37.9	36.3

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Department of Commerce.

44. NEW ONE-FAMILY HOMES SOLD, BY PRICE
(THOUSANDS)

Year	Less than $40,000	$40,000-49,999	$50,000-59,999	$60,000-74,999	$75,000-99,999	$100,000 or More
1973	457	98	40	22	16	
1974	332	98	48	26	14	
1975	288	127	65	44	25	
1976	250	168	100	76	51	
1977	233	200	149	123	78	37
1978	142	175	156	157	119	69
1979	74	110	135	158	132	100
1980	50	87	97	119	98	94
1981*	29	59	69	98	86	96

*Preliminary.
Source: Bureau of the Census and Department of Housing and Urban Development.

45. MOBILE HOME SHIPMENTS

Year	Number of Units	% of Private Starts: Total	% of Private Starts: Single-family†
1960	103,700	8.3%	9.4%
1965	216,470	14.7	18.3
1970	401,190	28.0	33.0
1971	496,570	24.2	30.1
1972	575,940	24.4	30.6
1973	566,920	27.7	33.4
1974	329,300	24.6	27.0
1975	212,690	18.3	19.2
1976	246,120	16.0	17.5
1977	277,000	13.9	16.0
1978	275,900	13.7	16.1
1979	277,400	15.9	18.9
1980	221,600	17.1	20.6
1981*	240,700	22.2	25.4

*Preliminary.
†Single-family conventional homes and mobile homes.
Sources: Department of Commerce; Manufactured Housing Institute; National Conference of States on Building Codes and Standards.

46. RESIDENTIAL CONSTRUCTION COSTS AND CONSUMER PRICES

Year	Boeckh Index†	Percentage Change: Residential Construction Costs	Percentage Change: Consumer Prices
1960	37.8	1.6%	1.6%
1965	41.8	3.2	1.7
1970	56.6	5.4	5.9
1971	61.3	8.3	4.3
1972	67.3	9.8	3.4
1973	73.5	9.2	3.2
1974	79.5	8.2	11.0
1975	84.8	6.7	9.1
1976	91.7	8.1	5.8
1977	100.0	9.1	6.5
1978	109.0	9.0	7.7
1979	119.0	9.2	11.3
1980	128.9	8.3	13.5
1981	136.0	5.5	10.4

†Boeckh Index of Residential Construction Costs; 1977 = 100.
Sources: E. H. Boeckh and Associates; Department of Labor.

47. SALES OF ONE-FAMILY HOMES

Year	Number (Thousands)			Dollar Volume (Billions)			Median Price	
	New Homes	Existing Homes	Total Homes	New Homes†	Existing Homes	Total Homes	New Homes	Existing Homes
1970	485	1,612	2,097	$12.9	$ 41.4	$ 54.3	$23,400	$23,000
1971	656	2,018	2,674	18.6	56.5	75.1	25,200	24,800
1972	718	2,252	2,970	21.9	67.8	89.7	27,600	26,700
1973	634	2,334	2,968	22.5	76.8	99.3	32,500	28,900
1974	519	2,272	2,791	20.2	81.3	101.5	35,900	32,000
1975	549	2,452	3,001	23.4	95.6	119.0	39,300	35,300
1976	646	3,002	3,648	31.0	126.7	157.7	44,200	38,100
1977	819	3,547	4,366	44.4	169.9	214.3	48,800	42,900
1978	817	3,863	4,680	51.1	214.4	265.5	55,700	48,700
1979	709	3,701	4,410	50.9	237.6	288.5	62,900	55,700
1980	545	2,881	3,426	41.6	209.7	251.3	64,600	62,200
1981*	436	2,351	2,787	36.2	184.1	220.3	68,900	66,400

*Preliminary.
†Computed from number of homes sold and average sales price.
Sources: Bureau of the Census; National Association of Realtors.

48. INVENTORY OF UNSOLD SPECULATIVELY BUILT ONE-FAMILY HOMES AND NUMBER OF MONTHS REQUIRED TO CLEAR INVENTORY
(SEASONALLY ADJUSTED ANNUAL RATES)

Month	Unsold Homes (Thousands)			Months to Clear Inventory		
	1979	1980	1981*	1979	1980	1981*
January	411	392	334	6.6	7.7	7.6
February	408	380	338	6.8	8.6	8.1
March	421†	376	328	6.6†	9.7	7.6
April	421	362	329	6.8	11.8	8.7
May	428	350	326	7.1	9.1	8.2
June	420	343	318	7.4	7.6	9.2
July	420	337	312	7.1	6.7	9.5
August	419	333	308	6.9	6.0	10.1
September	413	336	304	7.4	7.3	11.7
October	408	336	291	7.4	7.3	10.1
November	400	338	282	8.3	7.3	8.9
December	397	337	272	8.6	7.7	7.0

*Preliminary.
†New series.
Source: Bureau of the Census and Department of Housing and Urban Development.

49. HOMEOWNERSHIP, 1890-1979

Year	Occupied Units	Owner-occupied Units	Renter-occupied Units	Percentage Owned	Percentage Rented
1890	12,690,000	6,066,000	6,624,000	47.8%	52.2%
1900	15,964,000	7,455,000	8,509,000	46.7	53.3
1910	20,256,000	9,301,000	10,955,000	45.9	54.1
1920	24,352,000	11,114,000	13,238,000	45.6	54.4
1930	29,905,000	14,280,000	15,625,000	47.8	52.2
1940	34,855,000	15,196,000	19,659,000	43.6	56.4
1950	42,826,000	23,560,000	19,266,000	55.0	45.0
1960	53,024,000	32,797,000	20,227,000	61.9	38.1
1970	63,445,000	39,886,000	23,559,000	62.9	37.1
1975	72,523,000	46,867,000	25,656,000	64.6	35.4
1979	78,571,000	51,411,000	27,160,000	65.4	34.6

Source: Bureau of the Census.

50. NUMBER OF FAMILIES AND HOUSEHOLDS

Year†	Total (Thousands)			Annual Change (Thousands)		
	All Households	Families	Other Households	All Households	Families	Other Households
1960	52,799	45,111	7,688	1,364	879	485
1965	57,436	47,956	9,480	1,287	416	871
1970	63,401	51,586	11,815	1,187	763	424
1971	64,778	52,227	12,551	1,377	641	736
1972	66,676	53,296	13,380	1,898	1,069	829
1973	68,251	54,373	13,878	1,575	1,077	498
1974	69,859	55,053	14,806	1,608	680	928
1975	71,120	55,712	15,408	1,261	659	602
1976	72,867	56,245	16,622	1,747	533	1,214
1977	74,142	56,710	17,432	1,275	465	810
1978	76,030	57,215	18,815	1,888	505	1,383
1979	77,330	57,804	19,526	1,300	589	711
1980	80,776	59,550	21,226	3,446	1,746	1,700
1981	82,368	60,309	22,059	1,592	759	833

†As of March.
Source: Bureau of the Census.

51. APARTMENT ABSORPTION RATES†

Year	1st Q.	2nd Q.	3rd Q.	4th Q.
1970	69%	74%	77%	65%
1971	68	69	72	62
1972	61	73	69	67
1973	64	74	76	63
1974	67	73	72	60
1975	61	72	75	75
1976	79	86	79	78
1977	77	83	83	78
1978	79	84	83	81
1979	83	84	82	81
1980	72	79	76	70
1981	77	84	80	

†Percentage of units rented within three months after completion.
Source: Bureau of the Census.

52. RENTAL AND HOMEOWNER VACANCY RATES

Year	Rental Units	Homeowner Units
1960	8.1%	1.3%
1965	8.3	1.5
1970	5.3	1.0
1971	5.4	1.0
1972	5.6	1.0
1973	5.8	1.0
1974	6.2	1.2
1975	6.0	1.2
1976	5.6	1.2
1977	5.2	1.2
1978	5.0	1.1
1979	5.4	1.1
1980	5.4	1.3
1981	5.0	1.4

Source: Bureau of the Census.

Savings and Loan Operations Data

53. TOTAL ASSETS OF FINANCIAL INTERMEDIARIES AT YEAR-END
(BILLIONS OF DOLLARS)

Financial Intermediary	1960	1965	1970	1975	1980	1981*
Commercial Banks	$257.6	$377.3	$ 576.2	$ 964.9	$1,703.7	$1,808.7
Savings Associations	71.5	129.6	176.2	338.2	630.7	663.8
Life Insurance Companies	119.6	158.9	207.3	289.3	479.2	521.4
Mutual Savings Banks	40.6	58.2	79.0	121.1	171.6	175.6
Finance Companies	27.6	44.7	64.0	99.1	198.6	224.6
Investment Companies	17.0	35.2	47.6	42.2	58.4	55.2
Credit Unions	5.7	10.6	18.0	38.0	71.7	77.7
Private Pension Funds	38.1	73.6	110.4	146.8	286.8	310.9
State and Local Pension Funds	19.7	34.1	60.3	104.8	198.1	226.2
Money Market Funds	—	—	—	3.7	74.4	181.9
Total	$597.4	$922.2	$1,339.0	$2,148.1	$3,873.2	$4,246.0

*Preliminary.
Sources: CUNA International, Inc.; Federal Home Loan Bank Board; Federal Reserve Board; Institute of Life Insurance; Investment Company Institute; National Association of Mutual Savings Banks; U.S. League of Savings Associations.

54. NUMBER AND ASSETS OF SAVINGS ASSOCIATIONS, BY CHARTER

Year-end	Federally Chartered†	State-chartered			Grand Total
		Total	FSLIC-insured	Noninsured‡	
1960	1,873	4,447	2,225	2,222	6,320
1965	2,011	4,174	2,497	1,677	6,185
1970	2,067	3,602	2,298	1,304	5,669
1971	2,049	3,425	2,222	1,203	5,474
1972	2,044	3,254	2,147	1,107	5,298
1973	2,040	3,130	2,123	1,007	5,170
1974	2,060	2,963	2,081	882	5,023
1975	2,048	2,883	2,030	853	4,931
1976	2,019	2,802	2,025	777	4,821
1977	2,012	2,749	2,053	696	4,761
1978	2,000	2,725	2,053	672	4,725
1979	1,989	2,695	2,050	645	4,684
1980	1,985	2,607	2,017	590	4,592
1981*	1,907	2,440	1,872	568	4,347
	Millions of Dollars				
1960	$ 38,511	$ 32,965	$ 28,919	$ 4,046	$ 71,476
1965	66,715	62,865	57,861	5,004	129,580
1970	96,259	79,924	74,386	5,538	176,183
1971	114,229	91,794	85,755	6,039	206,023
1972	135,925	107,202	100,424	6,778	243,127
1973	152,240	119,665	112,557	7,108	271,905
1974	167,671	127,874	120,552	7,322	295,545
1975	195,410	142,823	134,849	7,974	338,233
1976	225,763	166,144	157,409	8,735	391,907
1977	261,920	197,321	188,078	9,243	459,241
1978	298,195	225,347	215,115	10,232	523,542
1979	323,058	255,904	245,049	10,855	578,962
1980	348,461	282,251	270,004	12,247	630,712
1981*	407,351	256,493	243,717	12,776	663,844

*Preliminary.
†All federally chartered associations are insured by the Federal Savings and Loan Insurance Corporation.
‡Includes the assets of institutions insured by the Co-operative Central Bank of Massachusetts, the Maryland Savings-Share Insurance Corporation, the North Carolina Savings Guaranty Corporation, the Ohio Deposit Guarantee Fund and the Pennsylvania Savings Association Insurance Corporation.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

55. NUMBER AND ASSETS OF SAVINGS ASSOCIATIONS, BY STATE, DECEMBER 31, 1981*

State	Number of Associations	Total Assets (Millions)	Per Capita Assets	State	Number of Associations	Total Assets (Millions)	Per Capita Assets
Alabama	52	$ 5,119	$1,305	Montana	13	$ 1,173	$1,475
Alaska	4	490	1,194	Nebraska	33	5,629	3,563
Arizona	12	7,178	2,558	Nevada	8	2,577	3,135
Arkansas	70	4,678	2,024	New Hampshire	16	1,216	1,299
California	188	130,457	5,440	New Jersey	193	27,754	3,761
Colorado	46	10,942	3,722	New Mexico	33	2,776	2,099
Connecticut	39	4,695	1,510	New York	105	26,887	1,534
Delaware	18	270	451	North Carolina	167	11,888	2,004
District of Columbia	10	5,137	8,179	North Dakota	11	2,527	3,846
Florida	127	56,853	5,671	Ohio	362	41,963	3,881
Georgia	89	11,544	2,085	Oklahoma	61	6,428	2,101
Guam	2	73	605	Oregon	28	7,519	2,808
Hawaii	9	4,538	4,636	Pennsylvania	323	26,087	2,197
Idaho	9	1,084	1,125	Puerto Rico	12	2,809	759
Illinois	342	47,575	4,154	Rhode Island	5	793	834
Indiana	138	10,557	1,915	South Carolina	70	6,720	2,128
Iowa	71	7,383	2,525	South Dakota	18	1,149	1,655
Kansas	77	7,738	3,258	Tennessee	93	7,684	1,656
Kentucky	90	6,195	1,675	Texas	311	38,344	2,649
Louisiana	128	9,140	2,150	Utah	15	5,267	3,519
Maine	19	692	611	Vermont	5	259	501
Maryland	167	11,531	2,722	Virginia	86	10,580	1,960
Massachusetts	149	8,597	1,498	Washington	47	10,176	2,428
Michigan	59	18,706	2,014	West Virginia	28	1,756	893
Minnesota	53	10,733	2,615	Wisconsin	104	12,925	2,730
Mississippi	58	3,003	1,182	Wyoming	12	1,058	2,195
Missouri	104	16,360	3,306	Entire U.S.	4,347	$663,844	$2,880

Note: Components do not add to totals because of differences in reporting dates and accounting systems.
*Preliminary.
Sources: Bureau of the Census; Federal Home Loan Bank Board; U.S. League of Savings Associations.

56. PERMANENT STOCK SAVINGS ASSOCIATIONS
(DOLLAR AMOUNTS IN MILLIONS)

State	December 31, 1980				December 31, 1981†			
	Number of Associations	Total Assets	Permanent Stock	Reserves, Surplus, Undivided Profits	Number of Associations	Total Assets	Permanent Stock	Reserves, Surplus, Undivided Profits
California	122	$ 82,279	$ 416	$4,322	129	$ 92,129	$ 470	$3,677
Texas	218	23,378	161	902	218	26,007	169	917
Ohio	86	14,839	46	674	78	15,478	45	571
Florida	21	7,706	158	204	32	12,088	209	243
Illinois	65	6,699	48	201	58	6,897	46	124
Other States	349	38,416	514	1,294	368	45,915	586	1,359
Total	861	$173,317	$1,343	$7,597	883	$198,514	$1,525	$6,891

†Data partially estimated.
Source: State supervisory reports.

57. DISTRIBUTION OF SAVINGS ASSOCIATIONS, BY ASSET SIZE, DECEMBER 31, 1981

Asset Size (Millions)	Number of Associations	Percentage of Total	Assets (Millions)	Percentage of Total
Under $1	227	5.2%	$ 110	†
$ 1 and under $ 5	251	5.8	637	0.1%
$ 5 and under $ 10	252	5.8	1,839	0.3
$ 10 and under $ 25	717	16.5	12,550	1.9
$ 25 and under $ 50	803	18.5	30,514	4.6
$ 50 and under $ 100	854	19.6	64,904	9.8
$ 100 and under $ 150	361	8.3	45,486	6.9
$ 150 and under $ 250	359	8.3	71,933	10.8
$ 250 and under $ 500	281	6.5	95,143	14.3
$ 500 and under $1,000	132	3.0	89,971	13.6
$1,000 and over	110	2.5	250,757	37.8
Total	4,347	100.0%	$663,844	100.0%

Note: Components may not add to totals due to rounding.
†Less than 0.05%.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

58. AVERAGE ASSETS AND POPULATION PER ASSOCIATION OFFICE

Year-end	Assets (Millions)		Population	
	Per Assn.	Per Office†	Per Assn.	Per Office†
1960	$ 11.3	$ 9.0	28,739	22,901
1965	21.0	14.1	31,471	21,206
1970	31.1	17.6	36,189	20,542
1971	37.6	19.7	37,887	19,875
1972	45.9	21.8	39,475	18,758
1973	52.6	22.3	40,753	17,261
1974	58.8	21.4	42,255	15,382
1975	68.6	21.9	43,391	13,849
1976	81.3	23.4	44,710	12,835
1977	96.5	25.7	45,600	12,173
1978	110.8	27.6	46,349	11,785
1979	123.6	28.7	48,475	11,074
1980	137.4	29.6	49,721	10,315
1981*	152.7	30.0	53,027	10,414

*Preliminary.
†Main and branch.
Sources: Bureau of the Census; Federal Home Loan Bank Board; U.S. League of Savings Associations.

59. NUMBER OF SAVINGS ASSOCIATION OFFICES

Year-end	Number of Associations	Number of Branches	Number of Offices
1960	6,320	1,611	7,931
1965	6,185	2,994	9,179
1970	5,669	4,318	9,987
1971	5,474	4,961	10,435
1972	5,298	5,851	11,149
1973	5,170	7,036	12,206
1974	5,023	8,775	13,798
1975	4,931	10,518	15,449
1976	4,821	11,908	16,729
1977	4,761	13,087	17,848
1978	4,725	14,250	18,975
1979	4,684	15,508	20,192
1980	4,592	16,733	21,325
1981*	4,347	17,788	22,135

*Preliminary.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Associations.

60. PER CAPITA ASSETS OF SAVINGS ASSOCIATIONS

Year-end	Per Capita Assets	Year-end	Per Capita Assets
1960	$ 394	1975	$1,581
1965	666	1976	1,818
1970	959	1977	2,113
1971	993	1978	2,390
1972	1,163	1979	2,589
1973	1,291	1980	2,762
1974	1,392	1981*	2,880

*Preliminary.
Sources: Bureau of the Census; Federal Home Loan Bank Board.

61. STATEMENT OF OPERATIONS OF ALL SAVINGS ASSOCIATIONS
(MILLIONS OF DOLLARS)

Year	Operating Income	Operating Expense	Net Operating Income	Interest on Savings Deposits	Interest on Borrowed Money	Net Income before Taxes	Taxes	Net Income after Taxes
1960	$ 3,711	$ 811	$ 2,900	$ 2,250	$ 81	$ 581	$ 4	$ 577
1965	7,081	1,366	5,715	4,486	247	978	157	821
1970	11,039	1,967	9,072	7,187	785	1,152	248	904
1971	13,073	2,180	10,893	8,604	623	1,739	448	1,291
1972	15,572	2,524	13,048	10,266	493	2,378	649	1,729
1973	18,692	3,026	15,666	12,012	942	2,729	779	1,950
1974	21,477	3,490	17,987	14,015	1,731	2,213	681	1,532
1975	24,193	3,979	20,214	16,420	1,640	2,135	650	1,485
1976	28,878	4,689	24,189	19,537	1,425	3,294	992	2,302
1977	34,623	5,443	29,180	23,034	1,539	4,710	1,442	3,268
1978	41,409	6,302	35,107	26,550	2,720	5,832	1,835	3,997
1979	49,554	7,227	42,327	32,778	4,383	5,299	1,608	3,691
1980	57,188	8,068	49,120	42,404	5,909	1,215	417	798
1981*	65,618	9,036	56,582	55,415	8,191	−6,197	−1,564	−4,633

Note: Components do not add to totals because of the exclusion of some minor nonoperating income and expense items.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

62. TOTAL OPERATING INCOME OF ASSOCIATIONS
(PERCENTAGE DISTRIBUTION)

Year	Interest on Mortgage Loans	Interest on Investments	Loan Fees and Discounts	All Other
1960	83.3%	5.1%	11.6%	
1965	86.8	5.4	3.5%	4.3%
1970	84.3	7.7	3.7	4.3
1971	82.6	8.8	4.9	3.7
1972	83.4	7.9	5.3	3.4
1973	83.5	8.3	4.4	3.8
1974	82.3	9.1	3.6	5.0
1975	81.6	8.6	4.1	5.7
1976	80.5	7.6	4.7	7.2
1977	80.8	6.8	5.0	7.4
1978	80.5	7.5	4.4	7.6
1979	78.8	9.1	3.7	8.4
1980	77.2	10.0	3.2	9.6
1981*	75.5	12.0	2.4	10.1

*Preliminary.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Associations.

63. TOTAL OPERATING EXPENSE OF ASSOCIATIONS
(PERCENTAGE DISTRIBUTION)

Year	Compensation	Office Occupancy	Advertising	All Other
1960	46.2%	6.3%	12.1%	35.4%
1965	46.7	11.9	9.6	31.8
1970	45.4	12.4	10.1	32.1
1971	47.2	11.4	9.3	32.1
1972	47.2	10.0	9.6	33.2
1973	46.6	9.8	10.5	33.1
1974	46.5	10.3	10.2	33.0
1975	46.8	11.0	9.1	33.1
1976	46.6	11.0	7.5	34.9
1977	47.1	10.8	7.2	34.9
1978	47.5	10.6	7.8	34.1
1979	48.1	10.4	8.1	33.4
1980	48.0	10.8	7.8	33.3
1981*	47.3	10.8	8.2	33.7

*Preliminary.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Associations.

64. SELECTED SIGNIFICANT RATIOS OF SAVINGS ASSOCIATIONS

Year	Asset Utilization[1]	Profit Margin[2]	Return on Equity[3]	Return on Average Assets[4]
1960	5.65%	15.44%	12.26%	0.87%
1965	5.82	11.57	9.76	0.67
1970	6.70	8.56	8.01	0.57
1971	7.06	10.26	10.53	0.72
1972	7.21	11.01	12.16	0.79
1973	7.51	10.31	12.18	0.77
1974	7.76	7.03	8.65	0.55
1975	7.86	6.06	7.85	0.48
1976	8.18	7.87	11.14	0.64
1977	8.44	9.32	13.99	0.79
1978	8.73	9.57	14.91	0.84
1979	9.29	7.37	12.11	0.68
1980	9.79	1.38	2.45	0.13
1981*	10.38	– 7.22	–15.03	–0.75

*Preliminary.
[1]Total income divided by average assets (net of loans in process).
[2]Net after-tax income divided by total income.
[3]Net after-tax income divided by average net worth.
[4]Net after-tax income divided by average assets (net of loans in process).
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

65. INCOME AND EXPENSE RATIOS OF ALL SAVINGS ASSOCIATIONS†

Item	1979	1980	1981*	Annual Change 1980	Annual Change 1981*
Operating Income	9.20%	9.65%	10.21%	0.45%	0.56%
Operating Expenses	1.34	1.36	1.41	0.02	0.05
Net Operating Income	7.86%	8.29%	8.80%	0.43%	0.51%
Interest on Savings Deposits	6.08	7.15	8.68	1.07	1.53
Interest on Borrowed Money	0.81	1.00	1.22	0.19	0.22
Nonoperating Income and Expense (Net)	0.02	0.07	0.11	0.05	0.04
Net Income before Taxes	0.98%	0.21%	–0.99%	–0.77%	–1.20%
Taxes	0.30	0.07	–0.24	–0.23	–0.31
Net Income after Taxes (Return on Assets)	0.68%	0.13%	–0.75%	–0.55%	–0.88%

Note: Components may not add to totals due to rounding.
*Preliminary.
†Income and expense items as a percentage of average assets excluding loans in process.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

66. MERGERS OF FHLB MEMBER ASSOCIATIONS

Year	State-chartered	Federally Chartered	Total	Year	State-chartered	Federally Chartered	Total
1960	13	10	23	1975	52	59	111
1965	18	14	32	1976	31	54	85
1970	80	38	118	1977	27	17	44
1971	70	62	132	1978	26	18	44
1972	38	69	107	1979	20	17	37
1973	48	76	124	1980	†	†	108
1974	50	82	132	1981	†	†	217

†Not available.
Source: Federal Home Loan Bank Board.

67. CONDENSED STATEMENT OF CONDITION OF ALL SAVINGS ASSOCIATIONS AS OF DECEMBER 31, 1981*

Item	Amount (Millions)	Percentage of Total
ASSETS:		
Mortgage Loans Outstanding	$518,350	78.1%
Insured Mortgages and Mortgage-backed Securities	33,451	5.0
Mobile Home Loans	4,003	0.6
Home Improvement Loans	5,882	0.9
Loans on Savings Accounts	5,244	0.8
Education Loans	1,646	0.2
Other Consumer Loans	2,483	0.4
Cash and Investments Eligible for Liquidity	48,534	7.3
Other Investments	14,222	2.1
Federal Home Loan Bank Stock	5,300	0.8
Investment in Service Corporations	3,810	0.6
Building and Equipment	9,327	1.4
Real Estate Owned	2,800	0.4
All Other Assets	8,792	1.3
Total Assets	$663,844	100.0%
LIABILITIES AND NET WORTH:		
Savings Deposits:		
Earning Regular Rate or Below	$101,823	15.3%
Earning in Excess of Regular Rate	422,551	63.7
Federal Home Loan Bank Advances	62,794	9.5
Other Borrowed Money	26,303	4.0
Loans in Process	6,369	1.0
All Other Liabilities	15,612	2.4
Net Worth	28,392	4.3
Total Liabilities and Net Worth	$663,844	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

68. TOTAL ASSETS OF ALL SAVINGS ASSOCIATIONS (MILLIONS OF DOLLARS)

Year-end	Mortgage Loans [1,2]	Cash and Investment Securities[3]	Real Estate Owned	FHLB Stock	Other Assets[2,3]	Total Assets
1960	$ 60,070	$ 7,888	$ 158	$ 978	$ 2,382	$ 71,476
1965	110,306	12,123	1,065	1,236	4,850	129,580
1970	150,331	16,526	746	1,539	7,041	176,183
1971	174,250	21,042	775	1,550	8,406	206,023
1972	206,182	24,355	776	1,675	10,139	243,127
1973	231,733	21,055	910	2,075	16,132	271,905
1974	249,301	23,251	1,211	2,575	19,207	295,545
1975	278,590	30,853	1,662	2,600	24,528	338,233
1976	323,005	35,724	1,928	2,800	28,450	391,907
1977	381,163	39,150	1,787	3,200	33,941	459,241
1978	432,808	44,884	1,746	4,000	40,104	523,542
1979	475,688	46,341	1,806	4,900	50,227	578,962
1980	503,192	57,928	2,285	4,900	62,407	630,712
1981*	518,350	62,756	2,800	5,300	74,638	663,844

*Preliminary.
[1]Beginning with 1970, includes (1) junior liens; (2) real estate sold on contract; and (3) collateral loans secured by the assignment of first mortgage loans.
[2]Beginning in 1973, participation certificates guaranteed by FHLMC, loans and notes insured by the Farmers Home Administration, and certain other government-insured mortgage-type investments, previously included in mortgage loans, are included in other assets.
[3]Beginning in 1973, GNMA-guaranteed mortgage-backed securities of the pass-through type, previously included in cash and investment securities, are included in other assets.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

69. TOTAL LIABILITIES OF ALL SAVINGS ASSOCIATIONS
(MILLIONS OF DOLLARS)

Year-end	Savings Deposits	FHLB Advances[1]	Loans in Process	Other Liabilities	Net Worth[2]	Total Liabilities
1960	$ 62,142	$ 2,197	$ 1,186	$ 968	$ 4,983	$ 71,476
1965	110,385	6,444	2,198	1,849	8,704	129,580
1970	146,404	10,911	3,078	3,389	12,401	176,183
1971	174,197	8,992	5,029	4,213	13,592	206,023
1972	206,764	9,782	6,209	5,132	15,240	243,127
1973	226,968	17,172	4,667	6,042	17,056	271,905
1974	242,974	24,780	3,244	6,105	18,442	295,545
1975	285,743	20,634	5,128	6,949	19,779	338,233
1976	335,912	19,083	6,840	8,074	21,998	391,907
1977	386,800	27,840	9,911	9,506	25,184	459,241
1978	430,953	42,907	10,721	9,904	29,057	523,542
1979	470,004	55,232	9,582	11,506	32,638	578,962
1980	511,636	64,586	8,767	12,394	33,329	630,712
1981*	524,374	89,097	6,369	15,612	28,392	663,844

*Preliminary.
[1]Includes other borrowed money.
[2]Beginning with 1970, excludes paid-in surplus of stock associations and specific reserves of all associations, but includes net undistributed income which is accrued by most, but not all, associations.
Sources: Federal Home Loan Bank Board; United States League of Savings Associations.

70. MINIMUM LIQUIDITY REQUIREMENTS FOR FHLB MEMBERS

Effective Date	Minimum Percentage† Short-term	Overall
December 1950	...	6.0%
March 1961	...	7.0
August 1968	...	6.5
June 1969	...	6.0
December 1969	...	5.5
April 1971	...	6.5
May 1971	...	7.5
August 1971	...	7.0
January 1972	3.0%	7.0
May 1973	2.5	6.5
August 1973	1.5	5.5
September 1974	1.0	5.0
April 1975	1.5	5.5
June 1975	2.0	6.0
September 1975	2.5	6.5
March 1976	3.0	7.0
May 1978	2.5	6.5
January 1979	2.0	6.0
October 1979	1.5	5.5
April 1980	1.0	5.0

†Liquid assets as a percentage of total savings deposits, plus borrowings repayable on demand or within one year.
Source: Federal Home Loan Bank Board.

71. PERSONNEL OF SAVINGS ASSOCIATIONS

Year-end	Total Employees	Employees Per $1 Million of Assets
1960	71,700	1.00
1965	97,600	0.75
1970	106,000	0.60
1971	114,900	0.56
1972	129,300	0.53
1973	142,800	0.53
1974	153,300	0.52
1975	169,700	0.50
1976	185,800	0.47
1977	208,300	0.45
1978	225,500	0.43
1979	241,600	0.42
1980	261,500	0.41
1981*	272,300	0.41

*Preliminary.
Sources: Bureau of Labor Statistics; U.S. League of Savings Associations.

72. FEDERAL HOME LOAN BANK DISTRICTS

District	FHL Bank City	State or Area
1	Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
2	New York	New Jersey, New York, Puerto Rico, Virgin Islands
3	Pittsburgh	Delaware, Pennsylvania, West Virginia
4	Atlanta	Alabama, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia
5	Cincinnati	Kentucky, Ohio, Tennessee
6	Indianapolis	Indiana, Michigan
7	Chicago	Illinois, Wisconsin
8	Des Moines	Iowa, Minnesota, Missouri, North Dakota, South Dakota
9	Little Rock	Arkansas, Louisiana, Mississippi, New Mexico, Texas
10	Topeka	Colorado, Kansas, Nebraska, Oklahoma
11	San Francisco	Arizona, California, Nevada
12	Seattle	Alaska, Guam, Hawaii, Idaho, Montana, Oregon, Utah, Washington, Wyoming

Source: Federal Home Loan Bank Board.

73. MEMBERSHIP OF THE FHLB SYSTEM AT YEAR-END 1981

Bank District	Savings and Loan Associations				Mutual Savings Banks	Life Insurance Companies	Total Membership
		Insured by FSLIC		Other			
	Total Number	Federally Chartered	State-chartered	State-chartered			
Boston	155	67	45	43	86	...	241
New York	277	108	168	1	41	...	318
Pittsburgh	289	126	146	17	3	...	292
Atlanta	631	433	197	1	...	...	631
Cincinnati	482	271	192	29	...	1	483
Indianapolis	197	123	73	1	...	1	198
Chicago	445	169	276	...	3	...	448
Des Moines	251	142	108	1	1	...	252
Little Rock	600	213	387	...	...	...	600
Topeka	210	108	102	...	...	...	210
San Francisco	210	71	139	...	...	...	210
Seattle	137	81	56	...	14	...	151
Total	3,884	1,912	1,879	93	148	2	4,034

Source: Federal Home Loan Bank Board.

74. FHLBB CONSOLIDATED OBLIGATIONS ISSUED, 1981

Date of Issue	Amount (Millions)	Maturity (Months)	Coupon Rate	Date of Issue	Amount (Millions)	Maturity (Months)	Coupon Rate
Jan. 28 ..	$ 600	30	13.35%	July 27 ..	$1,000	36	15.55%
Feb. 25 ..	1,000	40	14.00	July 27 ..	500	60	15.35
Feb. 25 ..	700	59	13.85	Aug. 25 ..	1,400	16	16.50
Mar. 25 ..	1,100	15	14.10	Aug. 25 ..	1,000	36	16.00
Mar. 25 ..	700	42	13.85	Aug. 25 ..	600	55	15.75
Apr. 29 ..	1,200	21	14.50	Sept. 25 .	1,500	12	16.50
May 26 ..	1,200	11	17.05	Sept. 25 .	600	36	16.40
May 26 ..	1,000	32	15.80	Sept. 25 .	500	60	16.40
May 26 ..	600	60	15.50	Oct. 26 ..	800	16	15.55
June 25 ..	1,100	21	14.80	Nov. 25 ..	1,100	29	12.90
June 25 ..	700	46	14.55	Dec. 23 ..	900	37	13.55
July 27 ..	1,000	12	15.90				

Source: Federal Home Loan Bank Board.

75. SELECTED OPERATING FACTORS OF THE FHLB SYSTEM

Month	Average Cost of Obligations		Weighted Average Rate on Advances		Number of Borrowers at Month-end
	Outstanding at Month-end	Issued During Month	Outstanding at Month-end	Issued During Month	
1980:					
January	8.86%	†	9.93%	13.30%	2,968
February	9.16	12.61%	10.07	14.10	2,940
March	9.45	15.18	10.61	16.10	2,951
April	9.58	13.25	10.90	17.60	2,944
May	9.69	9.90	10.25	12.80	2,884
June	9.64	†	9.77	9.50	2,854
July	9.69	†	9.56	9.40	2,822
August	9.82	10.90	9.60	10.10	2,820
September...	9.88	11.90	9.80	11.10	2,834
October	9.95	11.81	10.03	12.30	2,824
November ...	10.23	12.98	10.41	14.30	2,809
December ...	10.35	15.80	11.23	17.40	2,819
1981:					
January	10.45	13.35	11.22	17.00	2,792
February	10.67	13.94	11.14	16.00	2,763
March	10.77	14.00	11.08	14.60	2,750
April	10.89	14.50	11.40	15.50	2,764
May	11.33	16.27	11.95	17.50	2,763
June	11.48	14.70	12.40	17.50	2,761
July	11.64	15.65	12.93	17.70	2,771
August	12.03	16.18	13.32	18.20	2,768
September...	12.29	16.46	13.41	17.50	2,747
October	12.33	15.55	13.29	16.30	2,714
November ...	12.35	12.90	12.93	14.70	2,663
December ...	12.37	13.55	12.78	13.80	2,637

†No issues.
Source: Federal Home Loan Bank Board.

76. FHLB LENDING ACTIVITY
(DOLLAR AMOUNTS IN MILLIONS)

	Advances			Advances to Associations	
Year	Made	Repaid	Outstanding at Year-end	Outstanding at Year-end	As a % of Member Assets
1960	$ 1,943	$ 2,097	$ 1,981	$ 1,979	2.8%
1965	5,007	4,335	5,997	5,985	4.7
1970	3,255	1,930	10,615	10,488	6.1
1971	2,714	5,392	7,936	7,907	3.9
1972	4,792	4,750	7,979	7,960	3.3
1973	10,013	2,845	15,147	14,951	5.6
1974	12,763	6,106	21,804	21,508	7.4
1975	5,468	9,425	17,845	17,524	5.3
1976	8,114	10,097	15,862	15,708	4.1
1977	13,756	9,445	20,173	19,945	4.4
1978	25,297	12,800	32,670	31,990	6.2
1979	29,166	19,998	41,838	40,441	7.1
1980	36,585	29,460	48,963	47,045	7.6
1981*	53,909	37,679	65,194	62,794	9.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Home Loan Bank Board.

77. FHLB CAPITAL STOCK, MEMBER DEPOSITS AND OBLIGATIONS
(MILLIONS OF DOLLARS)

Year-end	Capital Stock	Member Deposits	Obligations Outstanding†
1960	$ 989	$ 938	$ 1,266
1965	1,277	1,043	5,221
1970	1,607	2,331	10,181
1971	1,618	1,789	6,840
1972	1,756	1,547	6,671
1973	2,122	1,744	14,449
1974	2,624	2,394	19,445
1975	2,705	2,651	16,383
1976	2,889	3,867	14,620
1977	3,295	4,144	16,009
1978	4,120	6,206	25,109
1979	5,149	9,253	30,372
1980	5,160	10,074	37,268
1981	5,827	11,914	54,131

†Beginning in 1970, excludes pass-throughs to FHLMC.
Source: Federal Home Loan Bank Board.

78. ASSETS OF THE FHL BANKS, YEAR-END 1981

Bank	Assets (Thousands)	Percentage of Total
Boston	$ 1,563,376	2.1%
New York	7,259,481	9.7
Pittsburgh	2,208,695	3.0
Atlanta	10,500,966	14.1
Cincinnati	4,967,557	6.7
Indianapolis	1,973,480	2.6
Chicago	4,464,235	6.0
Des Moines	4,218,071	5.6
Little Rock	5,319,734	7.1
Topeka	3,801,993	5.1
San Francisco	23,036,267	30.8
Seattle	5,366,476	7.2
Total	$74,680,333	100.0%

Note: Components may not add to totals due to rounding.
Source: Federal Home Loan Bank Board.

79. FHLB COMBINED STATEMENT OF CONDITION, 1980-1981
(THOUSANDS OF DOLLARS)

Item	December 31, 1980	December 31, 1981
Assets:		
Cash	$ 304,209	$ 395,302
Investments	4,328,311	8,157,138
Advances	48,962,859	65,194,261
Other assets	751,196	933,632
Total Assets	$54,346,575	$74,680,333
Liabilities:		
Members' time deposits	$ 9,171,060	$11,015,512
Members' demand deposits	902,716	898,228
Total Deposits	$10,073,776	$11,913,740
Consolidated obligations	37,268,446	54,130,982
Other liabilities	975,338	1,834,920
Total Liabilities	$48,317,560	$67,879,642
Capital:		
Capital stock—all member-owned	$ 5,160,408	$ 5,827,107
Legal reserve	686,781	794,317
Dividend stabilization reserve	35,880	32,305
Undivided profits	145,946	146,962
Total Capital	$ 6,029,015	$ 6,800,691
Total Liabilities and Capital	$54,346,575	$74,680,333

Source: Federal Home Loan Bank Board.

80. FHLB COMBINED OPERATING STATEMENT, 1980-1981
(THOUSANDS OF DOLLARS)

Item	Calendar Year 1980	Calendar Year 1981
Earned Income:		
Interest on advances	$4,480,967	$6,994,211
Interest on securities	622,097	942,212
Miscellaneous	51,054	62,764
Total Earned Income	$5,154,118	$7,999,187
Expenses:		
Compensation and benefit costs	$ 33,545	$ 43,512
Administrative (including travel)	22,984	34,166
Interest and concessions on consolidated obligations	3,377,455	5,673,774
Interest on deposits	1,289,519	1,685,841
FHLB Board assessments	9,437	10,937
Other expenses	4,577	15,695
Total Expenses	$4,737,517	$7,463,925
Net Income	$ 416,601	$ 535,262
Allocation of Net Income:		
Dividends on stock	$ 490,816	$ 430,287
Legal reserve	83,674	107,536
Dividend stabilization reserve	(24,193)	(3,575)
Undivided profits	(133,696)	1,014

Source: Federal Home Loan Bank Board.

81. FHLB BOARD INCOME AND EXPENSES, 1981
(MILLIONS OF DOLLARS)

Item	Amount
Income:	
Examination fees	$20.0
FSLIC assessments	29.9
FHLB assessments	8.9
Other income	1.5
Total Income	$60.3
Expenses:	
Compensation and benefits	$43.4
Travel and transportation	6.7
Rent, communications, utilities	4.0
Other expenses	6.8
Total Expenses	$60.9

Source: Federal Home Loan Bank Board.

82. ASSETS OF ASSOCIATION MEMBERS OF THE FHLB SYSTEM

Year-end	Amount (Millions)	Percent of All Associations
1960	$ 69,492	97.2%
1965	127,594	98.5
1970	172,093	97.7
1971	201,373	97.7
1972	237,816	97.8
1973	266,287	97.9
1974	290,082	98.2
1975	332,445	98.3
1976	385,640	98.4
1977	452,727	98.6
1978	516,103	98.6
1979	571,126	98.6
1980	621,726	98.7
1981*	655,200	98.7

*Preliminary.
Source: Federal Home Loan Bank Board.

83. WEIGHTED RATE ON ADVANCES, BY FHLB DISTRICT, YEAR-END 1979-1981

Bank	1979	1980	1981
Boston	9.46%	10.35%	11.70%
New York	10.01	11.87	12.85
Pittsburgh	10.48	11.01	12.14
Atlanta	9.85	11.07	13.30
Cincinnati	9.41	10.44	12.57
Indianapolis	9.55	10.48	11.81
Chicago	9.75	11.20	12.48
Des Moines	9.70	10.68	12.00
Little Rock	9.56	10.78	13.75
Topeka	9.20	10.60	12.65
San Francisco	10.20	11.65	12.78
Seattle	10.24	11.85	13.01

Source: Federal Home Loan Bank Board.

84. DIVIDEND RATES PAID, BY FHLB DISTRICT

Bank	1979	1980	1981
Boston	5.00%	1.20%	1.00%
New York	9.25	10.90	8.20
Pittsburgh	11.50	10.90	5.50
Atlanta	9.00	8.20	7.50
Cincinnati	8.00	9.90	7.10
Indianapolis	10.00	9.60	2.20
Chicago	12.89	9.70	8.80
Des Moines	9.38	8.70	5.20
Little Rock	9.00	11.40	7.60
Topeka	7.30	11.20	10.30
San Francisco	9.50	11.80	9.50
Seattle	9.50	10.90	13.20

Source: Federal Home Loan Bank Board.

85. FEDERAL HOME LOAN MORTGAGE CORPORATION ACTIVITY
(MILLIONS OF DOLLARS)

	Mortgage Transactions		Loan Portfolio (Year-end)		
Year	Purchases	Sales	Total	FHA-VA	Conventional
1970	$ 325	...	$ 325	$ 325	...
1971	775	$ 113	968	821	$ 147
1972	1,297	407	1,788	1,502	286
1973	1,334	409	2,604	1,800	804
1974	2,190	53	4,586	1,961	2,625
1975	1,713	1,521	4,987	1,881	3,106
1976	1,127	1,797	4,269	1,675	2,594
1977	4,124	4,640	3,267	1,450	1,817
1978	6,526	6,426	3,091	1,299	1,792
1979	5,721	4,544	4,052	1,159	2,893
1980	3,722	2,526	5,056	1,090	3,966
1981	3,800	3,532	5,237	1,047	4,190

Source: Federal Home Loan Mortgage Corporation.

86. FSLIC RESERVES

Year-end	Millions of Dollars			Percentage of Insured Liability†
	Primary Reserve	Secondary Reserve	Total Reserves	
1960	$ 381	. . .	$ 381	0.618%
1965	725	$ 812	1,537	1.353
1970	1,394	1,509	2,903	2.048
1971	1,529	1,458	2,987	1.767
1972	1,758	1,384	3,142	1.564
1973	2,076	1,378	3,454	1.563
1974	2,382	1,409	3,791	1.602
1975	2,740	1,380	4,120	1.478
1976	3,167	1,313	4,480	1.365
1977	3,653	1,220	4,873	1.286
1978	4,228	1,100	5,328	1.262
1979	4,891	957	5,848	1.269
1980	5,670	792	6,462	1.289
1981	5,702	599	6,302	1.227

†Reserves as a percentage of the total accounts of insured depositors at all insured institutions.
Source: Federal Home Loan Bank Board.

87. FSLIC MEMBERSHIP, AND MEMBER ASSETS AND SAVINGS
(DOLLAR AMOUNTS IN MILLIONS)

Year-end	Number of Insured Associations			Assets of Insured Associations		Savings of Insured Associations
	Total	Federally Chartered	State-chartered	Amount	Percent of All Association Assets	
1960	4,098	1,873	2,225	$ 67,430	94.3%	$ 58,662
1965	4,508	2,011	2,497	124,576	96.1	106,103
1970	4,365	2,067	2,298	170,645	96.9	141,703
1971	4,271	2,049	2,222	199,984	97.1	169,045
1972	4,191	2,044	2,147	236,349	97.2	200,970
1973	4,163	2,040	2,123	264,797	97.4	220,893
1974	4,141	2,060	2,081	288,223	97.5	236,689
1975	4,078	2,048	2,030	330,259	97.6	278,774
1976	4,044	2,019	2,025	383,172	97.8	328,214
1977	4,065	2,012	2,053	449,998	98.0	378,782
1978	4,053	2,000	2,053	513,310	98.0	422,194
1979	4,039	1,989	2,050	568,107	98.1	460,694
1980	4,002	1,985	2,017	618,466	98.2	501,226
1981	3,779	1,907	1,872	651,068	98.1	513,756

Source: Federal Home Loan Bank Board.

88. FSLIC COMPARATIVE STATEMENT OF CONDITION, 1980-1981
(THOUSANDS OF DOLLARS)

Item	December 31, 1980	December 31, 1981
Assets:		
Cash	$ 1,920	$ 2,436
Receivables	18,730	22,709
Investments at amortized cost	5,059,561	4,771,332
Accrued interest on investments	91,178	86,934
Income capital certificates	0	84,000
Assets acquired from insured institutions, net	1,200,684	1,611,695
Loans to insured institutions and accrued interest, net	214,774	389,991
Subrogated accounts in insured institutions in liquidation	0	68,231
Deferred charges and other assets	106	105
Total Assets	$6,586,954	$7,037,432
Liabilities and Reserves:		
Miscellaneous accrued and other liabilities	$ 100,545	$ 38,750
Notes payable to insured institutions	0	84,000
Allowance for estimated losses (contribution agreements)	17,529	612,517
Deferred credits	6,612	619
Primary reserve	5,670,096	5,702,284
Secondary reserve	792,172	599,261
Total Liabilities and Reserves	$6,586,954	$7,037,432

Note: Components may not add to totals due to rounding.
Source: Federal Home Loan Bank Board.

89. FSLIC COMPARATIVE OPERATING STATEMENT, 1980-1981
(THOUSANDS OF DOLLARS)

Item	Calendar Year 1980	Calendar Year 1981
Income:		
Fees from examinations of insured institutions	$ 13,426	$ 0
Insurance premiums	399,103	425,070
Interest on investments	435,219	409,244
Interest on loans to insured institutions	10,440	32,779
Income on assets acquired from insured institutions	53,768	144,428
Miscellaneous	29,607	707
Total Income	$941,563	$1,012,229
Expenses:		
Administrative expenses	$ 25,472	$ 989,691
Services rendered by FHLBB	16,827	29,865
Loss on sale of securities	28,316	8,641
Liquidation and other miscellaneous expenses	9,209	12,575
Return on premium prepayments	67,562	55,458
Net provision for losses	15,064	872,512
Total Expenses	$162,450	$ 980,040
Net Income	$779,112	$ 32,188

Note: Components may not add to totals due to rounding.
Source: Federal Home Loan Bank Board.

90. FHA-INSURED MORTGAGE AND OTHER LOANS MADE
(MILLIONS OF DOLLARS)

Year	Total	Home Mortgages	Project Mortgages	Property Improvement Loans
1960	$ 6,293	$ 4,601	$ 711	$ 982
1965	8,689	7,465	591	634
1970	11,982	8,114	3,251	617
1971	14,689	10,375	3,641	674
1972	12,320	8,067	3,448	805
1973	7,591	4,473	2,286	832
1974	5,915	3,934	1,225	756
1975	7,863	6,166	976	721
1976	9,619	6,362	2,315	942
1977	12,808	8,841	2,818	1,149
1978	15,534	11,140	3,014	1,380
1979	22,393	18,167	2,678	1,548
1980	22,092	16,459	3,987	1,646
1981	14,323	10,278	2,779	1,266

Note: Components may not add to totals due to rounding.
Source: Federal Housing Administration.

91. FHA INTEREST RATE CEILINGS

Effective Date	One-family Homes†	Apartments†	Effective Date	One-family Homes†	Apartments†
January 5, 1970	8½%		June 29, 1978	9½%	9½%
December 2, 1970	8		April 23, 1979	10	9½
January 13, 1971	7½		September 26, 1979	10½	9½
February 18, 1971	7		October 1, 1979	10½	10
August 10, 1973	7¾		October 26, 1979	11½	11
August 25, 1973	8½		February 11, 1980	12	12
January 22, 1974	8¼		February 28, 1980	13	13
April 15, 1974	8½		April 3, 1980	14	13
May 13, 1974	8¾		April 28, 1980	13	13
July 8, 1974	9		May 15, 1980	11½	13
August 14, 1974	9½		July 7, 1980	11½	12
November 25, 1974	9		August 20, 1980	12‡	12
January 21, 1975	8½		September 22, 1980	13‡	13
March 3, 1975	8		November 24, 1980	13½‡	13½
April 28, 1975	8½		March 9, 1981	14‡	14
September 2, 1975	9		April 13, 1981	14½‡	14½
January 5, 1976	8¾%	9%	May 8, 1981	15½‡	15½
March 30, 1976	8½	9	August 17, 1981	16½‡	16½
October 18, 1976	8	9	September 15, 1981	17½‡	17½
May 31, 1977	8½	9	October 12, 1981	16½‡	17½
February 28, 1978	8¾	9	November 9, 1981	16½	17½
May 23, 1978	9	9	November 16, 1981	15½	16½

†Excludes insurance premium.
‡½ of 1% higher for graduated payment mortgages.
Source: Federal Housing Administration.

92. VA-GUARANTEED HOME MORTGAGE LOANS MADE
(DOLLAR AMOUNTS IN MILLIONS)

Year	Number	Amount
1960	145,000	$ 1,985
1965	164,000	2,652
1970	168,000	3,440
1971	282,000	5,961
1972	370,000	8,293
1973	316,000	7,467
1974	310,000	8,206
1975	299,000	8,884
1976	329,000	10,419
1977	389,000	13,901
1978	365,000	14,447
1979	357,000	16,674
1980	266,000	14,500
1981	143,000	7,903

Source: Veterans Administration.

93. FNMA ACTIVITY
(MILLIONS OF DOLLARS)

Year	Loan Purchases	Loan Sales	Total Portfolio (Year-end)
1960	$ 980	$ 42	$ 2,903
1965	757	46	2,520
1970	5,078	. . .	15,502
1971	3,574	336	17,791
1972	3,699	211	19,791
1973	6,127	71	24,175
1974	6,953	4	29,578
1975	4,263	2	31,824
1976	3,606	86	32,904
1977	4,780	67	34,370
1978	12,303	5	43,311
1979	10,812	. . .	51,091
1980	8,099	. . .	57,327
1981	6,112	. . .	61,412

Note: Data adjusted to exclude functions transferred to GNMA in 1968.
Source: Federal National Mortgage Association.

94. GNMA LOAN PORTFOLIO, BY FUNCTION
(MILLIONS OF DOLLARS)

Year-end	Special Assistance	Management & Liquidation	Total Portfolio
1965	$1,340	$ 953	$2,293
1970	3,401	1,821	5,222
1971	3,648	1,673	5,321
1972	3,824	1,287	5,111
1973	3,576	469	4,045
1974	4,440	409	4,849
1975	6,884	358	7,242
1976	4,102	305	4,407
1977	2,989	260	3,249
1978	2,521	220	2,741
1979	2,404	199	2,603
1980	2,806	162	2,968
1981	3,698	141	3,839

Source: Government National Mortgage Association.

95. GNMA MORTGAGE-BACKED SECURITY PROGRAM
(MILLIONS OF DOLLARS)

Year	Pass-through Securities		Bonds Sold
	Applications	Issues	
1970	$ 1,126	$ 452	$1,315
1971	4,374	2,702	300
1972	3,854	2,662	. . .
1973	5,529	3,249	. . .
1974	6,203	4,784	. . .
1975	10,449	7,366	. . .
1976	25,394	13,765	. . .
1977	31,076	16,230	. . .
1978	35,014	15,359	. . .
1979	53,820	24,592	. . .
1980	58,701	20,648	. . .
1981	36,915	14,253	. . .

Source: Government National Mortgage Association.

96. MAJOR FEDERAL LAWS AFFECTING THE SAVINGS AND LOAN BUSINESS

Date	Law	Key Provisions
1932	Federal Home Loan Bank Act	Established the Federal Home Loan Banks under the supervision of the Federal Home Loan Bank Board to provide a central credit facility for home financing institutions.
1933	Home Owners' Loan Act	Authorized the creation under the FHLBB of a system of federally chartered and supervised savings and loan associations.
1934	National Housing Act	Created the Federal Housing Administration to insure mortgage and other loans made by private lenders; established the Federal Savings and Loan Insurance Corporation to insure savings accounts at member associations.

Date	Law	Key Provisions
1944	Servicemen's Readjustment Act (The G.I. Bill of Rights)	Established a program of loan guarantees under Veterans Administration auspices to encourage private lending on generous terms to veterans of the armed forces.
1949	Housing Act	Established national housing goals of "a decent home and suitable living environment for every American family"; provided grants to municipalities for public housing and slum clearance; set up a program of financial assistance for rural areas under the Farmers Home Administration.
1961	Housing Act	Authorized new programs for federal involvement in housing, including subsidized rental housing for low- and moderate-income families, and FHA insurance of loans for repair and modernization of existing homes in declining urban areas; expanded funding for FNMA special assistance functions.
1968	Housing and Urban Development Act	Gave federal associations the authority to invest in mobile home and home equipment loans; expanded their authority to issue a wide variety of savings plans, notes, bonds and debentures.
1970	Emergency Home Finance Act	Created the Federal Home Loan Mortgage Corporation, under the FHLBB, to provide a secondary market for conventional loans as well as FHA and VA mortgages; extended from 20 to 30 years the period allowed for associations to accumulate FSLIC-required reserves.
1974	Housing and Community Development Act	Raised single-family and home improvement loan limits for federal associations; granted a line-of-credit authority for construction lending; created a 5%-of-assets category for loans an institution may not otherwise make.
1974	Depository Institutions Amendments	Increased FSLIC insurance of association savings accounts to $40,000 for private funds, $100,000 for public funds; delegated SEC enforcement authority for stock associations to the FHLBB.
1974	Equal Credit Opportunity Act	Prohibited discrimination in credit transactions on the basis of sex or marital status.
1974	Real Estate Settlement Procedures Act	Provided comprehensive guidelines for loan closing costs and settlement practices.
1975	Regulation Q and Home Mortgage Disciosure Act	Prohibited the elimination or reduction of the interest rate differential on existing types of savings accounts without prior congressional approval; required most financial institutions to disclose the number and dollar amount of mortgage loans made, by geographical area.
1976	Equal Credit Opportunity Act Amendments	Broadened the scope of ECOA to forbid discrimination in credit transactions on seven additional bases.
1976	Tax Reform Act	Reduced certain allowable federal income tax deductions for associations and increased the minimum tax rate; liberalized IRA and Keogh account provisions.

Date	Law	Key Provisions
1977	Housing and Community Development Act	Raised ceiling on single-family loan amounts for association lending, federal agency purchases, FHA insurance and security for FHLB advances; liberalized the treatment of single-family and multifamily loans that exceed applicable ceilings; raised ceilings on conventional and FHA home improvement loans; required financial institution regulatory agencies to take into account an institution's record of serving the credit needs of its community when evaluating applications for new facilities, mergers and other matters.
1978	Revenue Act	Reduced certain corporate tax rates; permitted one-time exclusion of up to $100,000 capital gain on sale of home; allowed tax-deductible employer contributions to employee's IRA; raised IRA limits to lesser of $7,500 or 15% of earned income.
1978	Financial Institutions Regulatory and Interest Rate Control Act	Increased FSLIC insurance limits for IRA and Keogh accounts from $40,000 to $100,000; strengthened FHLBB regulatory powers over association officers, directors and related organizations; prohibited top management or director interlocks among depository institutions; created interagency Federal Bank Examination Council to encourage uniformity in financial institution supervision; authorized FHLMC purchases of secured home improvement loan packages; amended Consumer Credit Protection Act establishing rights and responsibilities for electronic funds transfers.
1979	Housing and Community Development Act Amendments	Increased one-family home loan limits for federal associations; reduced the stockholding-to-advances ratio for FHLB System members; raised FHA loan limits and expanded the FHA GPM program; raised FNMA and FHLMC loan ceilings; exempted FHA loans from state usury ceilings.
1980	Depository Institutions Deregulation and Monetary Control Act	For all depository institutions, extended savings interest rate control and the thrift institution differential for six years; shifted rate-setting authority from individual agencies to a Deregulation Committee; increased FSLIC and FDIC insurance for individually owned savings accounts from $40,000 to $100,000; granted permanent authority for remote service units, automatic funds transfers and share drafts; extended the federal override of state usury ceilings on certain mortgage and other loans; simplified truth-in-lending standards and reimbursement procedures; authorized nationwide NOW accounts effective at year-end 1980 and established levels of cash reserves that must be held against NOW balances. For federal associations, authorized investment of up to 20% of assets in consumer loans, corporate debt securities and commercial paper; eased or removed lending restrictions, including geographical limitations, loan-to-value ratios and treatment of one-family loans exceeding specified dollar amounts; expanded authority to invest in service corporations; granted authority to invest in mutual funds, to issue credit cards and to engage in trust operations; granted authority to issue mutual capital

Date	Law	Key Provisions
		certificates which can be counted toward federal insurance reserve requirements. For FSLIC-insured institutions, gave regulatory authorities the power to vary the reserve requirement between 3% and 6% (was 5%).
1980	Housing and Community Development Act	Permitted negotiated interest rates on certain FHA loans; created a new FHA rental subsidy program for middle-income families; created a secondary market for FNMA property improvement and mobile home loans; extended the provisions of the Home Mortgage Disclosure Act until 10/1/85; permitted corporate bonds and commercial paper to be counted toward FHLBB-required liquidity.
1980	Omnibus Reconciliation Act	Limited the issuance by states and municipalities of tax-exempt mortgage revenue bonds for housing purposes; provided for both the limits and tax exemption on such bonds to expire in three years.
1981	Economic Recovery Tax Act	Created the All Savers certificate, a special one-year savings account the earnings on which are tax-exempt up to $1,000 ($2,000 on joint returns); substantially increased the annual contribution limits on IRAs from the lesser of 15% or $1,000 of earned income to 100% or $2,000 ($2,250 spousal), Keoghs from 15% or $7,500 to 15% or $15,000, and simplified employee pension plans from $7,500 to $15,000; created a permanent income tax exclusion for interest income starting in 1985.
1981	International Banking Facility Deposit Insurance Act	Postponed until 10/1/82 (was 4/1/82) the date for mandatory implementation of TIL simplification changes by all lenders and creditors.

97. MAJOR REGULATORY CHANGES AFFECTING SAVINGS ASSOCIATIONS IN 1981

Month Effective	Item	Provisions
Jan.	Trust powers	Federal associations may offer trust services under regulations comparable to those for national banks.
Jan.	Debit cards	Federal associations may issue debit cards which permit savers to make withdrawals and nontransferable third-party payments directly to merchants and others.
Jan. and Aug.	Remote service units	Federal associations may now install RSUs without prior FHLBB approval or geographic restrictions.
Feb.	Outside borrowing	FSLIC members may now borrow from sources outside the FHLB System under much more liberal rules than formerly.
Mar.	Mutual funds	Federal associations may now invest in mutual funds, subject to limits related to the kinds of investments the fund makes.

Month Effective	Item	Provisions
Apr.	Market rate certificate ceilings	Associations may now offer MMCs and small saver certificates at the new rate on the day after the announcement of Treasury auction results (was three days later).
Apr.	Adjustable mortgage loans	Federal associations may now make AMLs subject to regulatory limits relating to consumer protection, under the terms and conditions that best suit borrower and lender needs.
Apr.	Service corporations	Federal association service corporations may now engage in a greatly enlarged list of activities without prior approval; may deal with a broader range of customers; and may borrow subject to fewer restrictions than formerly.
July	Futures transactions	FSLIC members may now deal in a broad range of futures contracts under liberalized investment limits; former eligibility requirement for such transactions have been removed.
July	Graduated payment adjustable mortgage loans	Federal associations may now make adjustable mortgage loans where monthly payments during the first 10 years are less than sufficient to amortize the loan during the full contract period.
Aug.	Savings account rate ceilings	FSLIC members may now issue fixed-term savings accounts with variable interest rates; may pay interest in the form of discounts on savings accounts not subject to rate ceilings; are no longer subject to a 12% ceiling on certificates with terms of 30 months to four years.
Aug.	FHLB advances	FHLB members may now borrow from their district Bank up to the lesser of (a) their legal maximum borrowing limit or (b) 50% of assets.
Oct.	All Savers certificate	Between 10/1/81 and 12/31/82, associations may issue a one-year savings certificate in a minimum denomination no greater than $500, at an interest rate equal to 70% of the annual investment yield on 52-week Treasury bills, the interest on which is tax-exempt up to a once-in-a-lifetime total of $1,000 on an individual federal income tax return ($2,000 on a joint return).
Oct.	Balloon payment mortgage loans	Federal associations may now make nonamortized or partially amortized loans for loan-to-value ratios up to 95% and for terms in excess of five years, at adjustable interest rates.
Oct.	Reverse annuity mortgage loans	Federal associations may make mortgage loans that provide for a stream of payments to the borrower from the lender under more liberal terms than formerly; periodic interest rate adjustments also are permitted.
Nov.	MMC interest rate ceilings	Associations may now offer new MMCs at a rate tied to the higher of (a) the most recent six-month Treasury bill auction rate or (b) the average of the four most recent auction rates.
Dec.	Retirement savings accounts	Associations may now issue IRA and Keogh accounts with a minimum 18-month term not subject to any rate ceiling; may accept additions to such accounts without extending the maturity of the certificate.

Glossary

adjustable mortgage loan: a mortgage loan on which the interest rate can change as often as monthly in response to movements of a market-rate index, provided the borrower is given 30 days' notice; rate changes may affect the monthly payment, principal balance, maturity or a combination.

All Savers certificate: a fixed-rate, one-year certificate savings account issued from October 1, 1981, through December 31, 1982, in minimums of $500 or less; new issues carry an interest rate of 70% of the most recent average investment yield on 52-week Treasury bills; the saver receives a once-in-a-lifetime exemption from federal income tax for ASC earnings of up to $1,000 ($2,000 on a joint return).

alternative mortgage instrument: any of a variety of newer loan plans that differs from the traditional mortgage because the monthly payment, interest rate, term or other provision changes in an agreed-upon fashion during the life of the loan.

average assets: assets at the beginning of a given period of time plus assets at the end of the period, divided by two.

certificate account: a savings deposit made for a fixed term, usually subject to a penalty (such as loss of interest) for early withdrawal.

construction loan: a mortgage loan made to finance real estate construction; may include funds for land acquisition; may include arrangements for permanent long-term financing upon completion of construction.

consumer loan: a loan made to individuals for any nonbusiness purpose except the construction or purchase of real estate; also called a nonmortgage loan.

conventional loan: a loan not insured or guaranteed by a government agency; may be privately insured.

credit and equity instruments: any direct market investment representing an ownership share in or a loan of funds to a corporation or government body, including stocks, bonds, bills, notes and debentures.

depository institution: a financial intermediary that accepts savings or demand deposits from the general public.

developer-built housing: homes built by developers for the sales market on land which they own or lease, regardless of whether the home is sold before the foundation is laid, during construction or after completion; also called speculatively built housing.

education loan: a loan to finance tuition and other costs at a college, university, or trade or professional school.

Eurodollar certificate: a certificate savings account of at least $100,000 issued to a foreign investor.

family: see **household.**

FHA loan: a mortgage, mobile home or property improvement loan made by a private lender and insured by the Federal Housing Administration.

financial intermediary: a corporation whose operating profit comes primarily from acting as a middleman between those with surplus funds to save or invest and those who want to borrow; accepts money from savers or investors and, in turn, lends the funds in the intermediary's own name to borrowers.

graduated payment mortgage loan: a home mortgage loan on which the monthly payments start at a low level and gradually rise at a predetermined rate; primarily for first-time borrowers who anticipate rising incomes but who need a low monthly payment initially in order to afford homeownership.

gross savings receipts: the total funds placed in new and existing accounts, including interest credited, over a given period.

home: a residential structure containing one to four dwelling units; a condominium unit, regardless of the number of units in the building.

home improvement loan: a loan to finance the repair, modernization or improvement of residential real estate; also called property improvement loan.

home loan: a residential mortgage loan secured by one- to four-family property.

household: all persons occupying a separate housing unit that has either direct access to the outside or a public area, or separate cooking facilities; when the members are related by law or blood, called a family.

individual retirement account: a trust-type savings account to accumulate retirement funds; exempt from income tax on account earnings and new funds deposited, up to specified limits, until the saver retires.

insured association: a savings association whose savings accounts are insured by the Federal Savings and Loan Insurance Corporation.

jumbo certificate: a market rate certificate savings account of $100,000 or more, exempt from regulatory interest rate ceilings.

Keogh account: a trust-type savings account for self-employed individuals and their employees; exempt from income tax on account earnings and new funds deposited, up to specified limits, until the saver retires.

liquidity: investments readily convertible to cash without significant loss; specified types of such investments held by associations to satisfy FHLBB requirements for short-term and overall liquidity.

loans in process: the liability account representing funds not yet disbursed on a mortgage loan on which the final documents have been executed.

market rate certificate: a certificate savings account on which the interest rate is tied to a money-market indicator, or on which there is no interest rate ceiling.

mobile home loan: a loan to finance the purchase of a mobile home; may include funds for associated costs such as transportation and setup.

money market certificate: a six-month, $10,000-minimum certificate savings account, issued at a fixed rate which is tied to the average auction yield on six-month U.S. Treasury bills.

money market mutual fund: a mutual fund investing in short-term money market securities and selling shares in low minimum amounts to the public.

mortgage-backed security: any of a variety of investment securities representing shares in a pool of conventional, FHA or VA mortgage loans; issuer continues to collect payments on the loans; issuer may pass payments along to investors as received monthly, whether or not actually received, or may pay interest to investors semiannually and principal at designated intervals; often guaranteed by GNMA or privately insured.

multifamily housing: a residential structure containing five or more dwelling units.

mutual capital certificate: a long-term debt security issued by a federal mutual association, subordinated to all other claims on assets; not covered by FSLIC insurance of accounts; may pay dividends on a fixed, variable, cumulative or participatory basis, or a combination; under specified conditions may be counted as net worth for regulatory purposes.

net new savings: the total of funds placed in new and existing accounts, excluding interest credited, over a given period.

net savings receipts: gross savings receipts minus withdrawals over a given period.

net worth, association: the amount by which association assets exceed liabilities, maintained at least at the minimum level required by regulation; a cushion to protect savers against any losses on loans and other investments; consists of general and federal insurance reserves, paid-in surplus, undivided profits, subordinated debentures, and mutual capital certificates (for a mutual institution) or permanent stock (for a stock institution).

90-day notice account: a savings account that permits the addition of any amount at any time but requires 90 days' notice for withdrawals in order to earn a rate higher than that on passbook accounts.

nonmortgage loan: see **consumer loan.**

NOW account: a savings account that allows check-like drafts (negotiable orders of withdrawal) to be drawn against the interest-bearing deposit.

other improved real estate: real property incorporating on-site commercial or industrial improvements or off-site residential improvements, and commercial farm land.

over-the-counter savings: time and savings deposits of individuals, families and corporations at depository institutions.

participations: mortgage loans made jointly by two or more lenders or owned jointly by two or more investors.

passbook account: a no-minimum-balance savings account that permits the addition or withdrawal of any amount at any time without penalty.

pass-through security: a security representing an ownership share in a pool of mortgage loans, on which the security holder receives a pro-rata share of monthly payments of principal and interest on the underlying loans; often GNMA-guaranteed or privately insured.

personal savings: in the Department of Commerce's National Income Accounts, the balance remaining after subtracting estimated outlays for goods and services from the after-tax income of individuals and families.

private mortgage insurance: insurance offered by a private company that (a) protects a lender against loss on a defaulted mortgage loan up to policy limits, often 10% to 25% of the total loan amount; or (b) protects owners of mortgage-backed securities against losses on the underlying loans up to policy limits, often 5% of the total principal.

public unit account: a savings account containing the funds of a state, county, municipality or other government unit or subdivision.

real estate owned: real property acquired by an association as a result of its lending operations, after a borrower defaults.

retail savings: all savings deposits except jumbo certificates.

return on assets, association: net after-tax income for a given period of time divided by average assets, net of loans in process.

reverse annuity mortgage loan: a home mortgage loan on which the lender makes monthly cash payments to the mortgagor, rather than vice versa; the growing debt is secured by a mortgage on the home; primarily for retired people who need additional income but who want to continue to occupy their home.

savings account loan: a loan secured by a pledge of funds in a savings account at the same institution; often used by savers who want to avoid penalties for early withdrawal from a certificate account.

secondary mortgage market: the aggregate buying, selling and trading of existing mortgage loans and mortgage-backed securities.

service corporation: a regulated business organization wholly owned by one or more associations, which may engage in specified business activities that the parent(s) cannot or does not want to engage in, such as real estate development and management, insurance agency and brokerage services, and the sale of clerical and computer services.

small savers certificate: a fixed-rate savings account with no minimum deposit and a minimum maturity of 30 months; new issues carry an interest rate tied to the average yield on comparable Treasury securities.

speculatively built housing: see **developer-built housing.**

subordinated debenture: a long-term debt security issued by an association, subordinate to savers' claims on assets; not covered by FSLIC insurance of accounts; under specified conditions may be counted as net worth for regulatory purposes.

thrift institution: a depository financial intermediary that promotes thrift by offering savings deposit facilities to consumers; included are savings associations, mutual savings banks and credit unions.

transaction account: a deposit from which payments may be made directly to a third party on the depositor's negotiable or non-negotiable order, including NOW accounts, checking accounts and third-party payment accounts.

VA loan: a mortgage or mobile home loan guaranteed by the Veterans Administration.

variable rate mortgage loan: a mortgage loan on which the interest rate may be adjusted annually in accordance with changes in an agreed-upon outside cost-of-funds index.

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